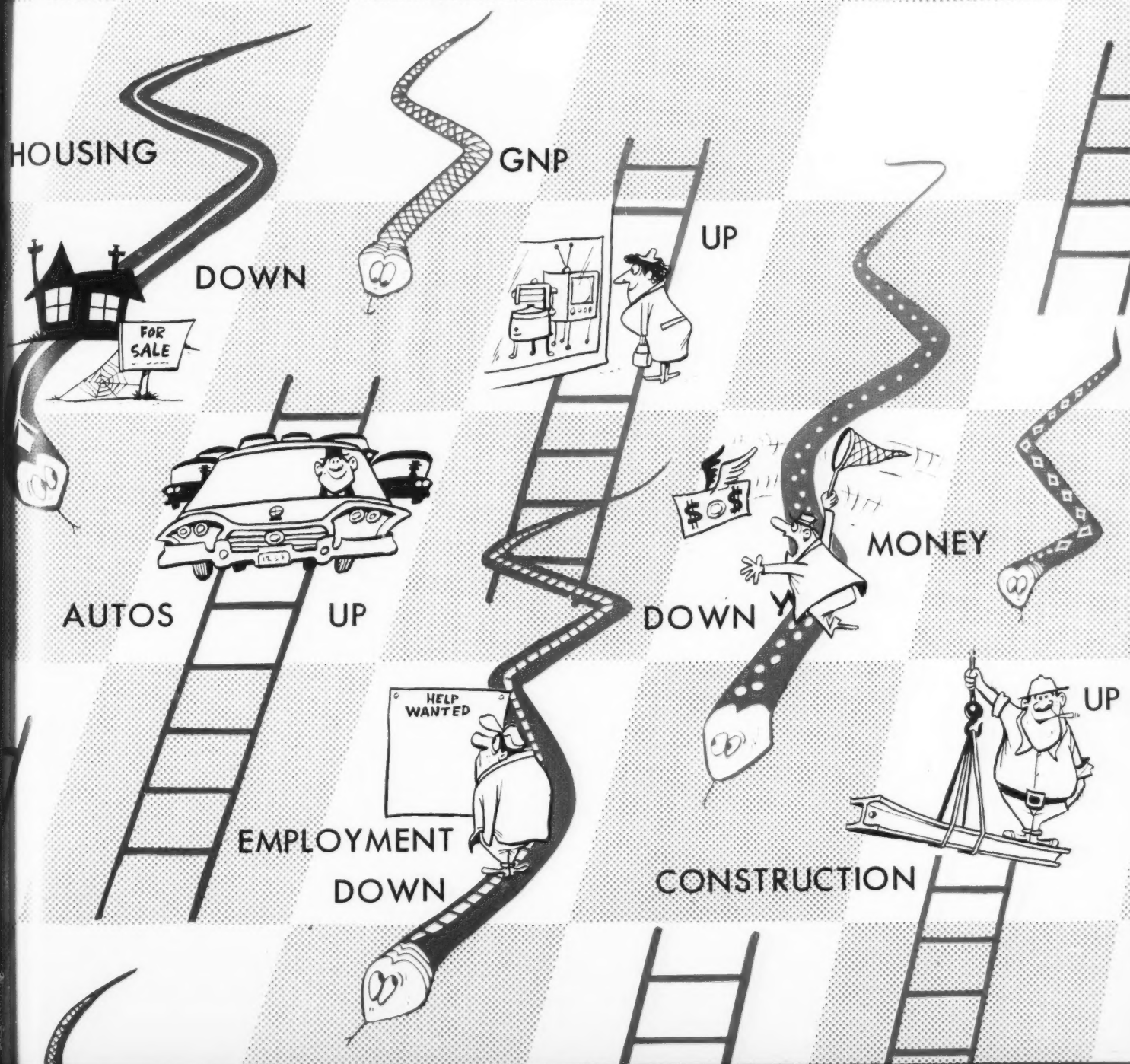


Saturday Night

Canada's Magazine of Business and Contemporary Affairs

JUNE 25TH 1960 20 CENTS



Business Picture at Mid-Year: Up and Down

MIKE JONES

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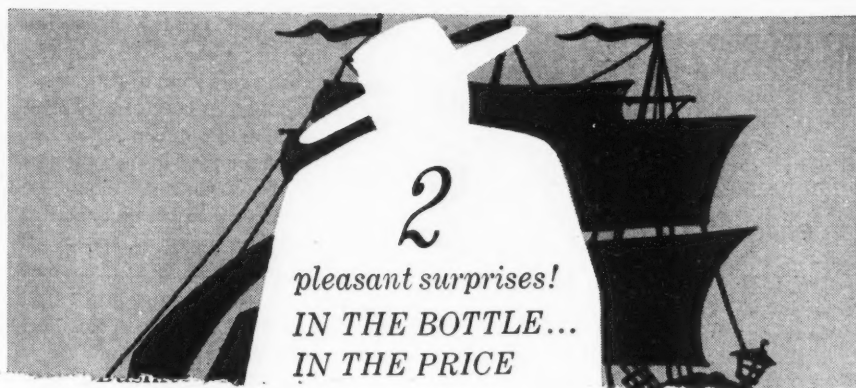
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appear in Court without engaging a lawyer, pull his own teeth and, I suppose, even remove his own appendix if he has a mind to. But the well-meaning amateur should not be able to hold himself out to the public as being capable of performing any service where the results of his incompetence can result in physical or financial disaster to his unsuspecting client.

VANCOUVER ROBERT V. V. DICKERSON
B.Com., C.A.



Sexless Schools

Herbert McManus

R. M. Baiden

Alan Mercer

Contributing Editors: John A. Irving, Mary Lowrey Ross, Maxwell Cohen (International Affairs), John Gellner (Military Affairs), Edwin Copps (Ottawa), Anthony West (New York), Beverley Nichols (London), Robert Jamieson (Montreal).

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INSIDE STORY

THE COVER: Some economic indicators are downward-slithering snakes while others merrily continue to mount their ladders.

Mid-year is an appropriate time for reassessment and with this issue SN reviews our national business and sharpens the forecasts it made at the beginning of this year. Business Editor **R. M. Baiden** analyzes our faltering boom and finds that although the facts show little cause for worry at the moment, there are indeed harbingers of difficulties ahead.

Twenty years ago a frightened and puzzled world watched the collapse of France as an effective fighting power. Where should the blame be placed? **John Gellner**, SN's contributing editor on military affairs, exonerates the fighting men and points an accusing finger in "The Defeat of France's Dismal Generals" on Page 19.

And in **BOOKS**, **Arnold Edinborough** discusses the follies of war—and of those who predict war—in a review of **Robert Graves'** classic, *Goodbye to All That*. Originally published in 1929, the book has been re-issued in the Penguin series. It remains one of the finest reports ever written anywhere, anytime, of war as the foot-soldier experienced it.

In **OTTAWA LETTER**, **Edwin Copps** awards full marks to Postmaster General **William Hamilton** for the new efficiency which he has brought to every branch of his huge department . . . In his **LONDON LETTER** **Beverley Nichols** tells of the miracle of improved food for the British restaurant diner, an accomplishment of the energetic entrepreneur **Charles Forte** . . . In his **LETTER FROM NEW YORK** **Anthony West** reports on the American apathy following the Summit collapse and apologizes for his own bad guessing, in SN's Summit issue of May 14.

In **THEATRE**, **Marion Smith** discusses the recent *kaffeeklatch* in Vancouver and scores some pertinent points in "What is the Role of the DDF?" . . . In **EDUCATION** **Jack Hutton**, who attended the 1960 White House Conference on Children and Youth, has some sound advice for **Kurt Swinton** who will be the chairman of the next Canadian Conference on Education in 1962 . . . and in **FILMS** **Mary Lowrey Ross** reports that *Conspiracy of Hearts* has a "frightening sense of reality even at the height of its electrifying theatricalities".

President and Publisher, Jack Kent Cooke; Vice-Presidents, Hal E. Cooke, Neil M. Watt, E. R. Milling; Circulation Manager, Arthur Phillips. **Director of Advertising**: Donald R. Shepherd. Representatives: New York, Donald Cooke, Inc., 666 Fifth Avenue; Chicago, Adrian Boylston, 520 South Prospect, Park Ridge, Ill.; Los Angeles, Lee F. O'Connell Co., 111 North La Cienega Blvd., Beverley Hills, Cal.; San Francisco, Lee F. O'Connell Co., 166 Geary Street; London, Eng., Dennis W. Mayes Ltd., 69 Fleet St., E. C. 4. **Subscription Prices**: Canada \$4.00 one year; \$6.00 two years; \$8.00 three years; \$10.00 four years. Commonwealth countries and U.S.A. \$5.00 per year; all others \$6.00. Newsstand and single issues 20c. Authorized as second class mail, Post Office Department, Ottawa. Published every second Saturday by Consolidated Press Division, Suite 707, Drummond Building, 1117 St. Catherine St. West, Montreal, Canada. **Editorial and Advertising Offices**, 73 Richmond St. W., Toronto, Canada.

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Look up
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Monsanto plastics

Selling your product can almost be child's play — with Monsanto plastic packaging. Lustrex* polystyrene has superior flow characteristics ideal for precision injection and extrusion, and compression molding of the most

intricate designs. Vuenak* cellulose acetate adapts easily to many associations by Chas. R. Graham [SN May 14].

Of all the organizations to which I have belonged, the Association of Professional Engineers is one of the most altruistic.

The provincial associations of Professional Engineers perform a regulating function within their profession, at their own expense, almost the total benefit of which accrues to the general public. To say that this is bad would be equivalent to saying that our excellent Ontario Provincial Police force would be undesirable even if it cost the Province nothing.

The regulating function of the engineering associations is only one of several. Under the British North America Act the registration of engineers, etc. is a provincial function. Reciprocal agreements among the various provincial associations of Professional Engineers in Canada brought about, not by legislation, but by the co-operation of the associations, completely eliminate regional prejudices which adversely affect the public good in some countries and professions.

Many engineers and scientists have come to Canada from other countries during the past fifteen years. No other organizations are so knowledgeable, in Canada, of the comparative standing of degrees and diplomas granted by foreign technical and engineering institutions as are our Professional Engineers associations. The results of their effort and expense in this matter are freely available to employers both large and small, and to the incoming engineers themselves.

The associations make annual salary surveys throughout their memberships which are extensively used as guide-lines by employees and employers alike. The associations assist those with little experience in employment of professional engineers to arrive at suitable salaries when establishing new engineering positions.

Far from being restrictive organizations, the engineering associations strongly encourage all qualified engineers to join them. A very substantial part of their effort goes into assisting those who cannot qualify, to do so. Towards this end courses of study are outlined, instruction is organized, personal advice, help and encouragement are given; examina-

hours of voluntary service given by many members of the associations.

A substantial portion of the effort of the associations is devoted to holding a high ethical standard before its membership, and to instilling a high degree of responsibility into its younger members. The associations encourage scholarship, and entrance to the profession by offering prizes and bursaries in the universities.

As for the cases cited by Mr. Graham, if the executive mentioned is not doing chemical engineering the objective of the census would be better fulfilled by calling him a manager or whatever name best describes his present function. If however, he is doing chemical engineering work, and earning a very good salary, partly because of his association with the profession, there is every reason for his fellow engineers to expect him to contribute the small nominal fee to support the association's work.

If this is "bilking" the public, how does it compare with the taxation for education of people having no children in school? Yet the latter is a long-accepted principle.

There is no question of making it impossible for an individual to do engineering or chemical work for himself. In fact much very good engineering is carried on by skilled engineering assistants and technicians. The only requirement is that, if offered to the public, this work must bear the seal of approval of a registered professional engineer.

BURLINGTON R. O. MORSE P.Eng., F.C.I.C.

Accurate Accountants

Mr. Graham's article "Professional Associations Abuse Power" [SN May 14] is so wildly inaccurate that it should not go unchallenged.

Mr. Graham states that the protection of the public is the only justification for the existence of professional groups. The truth of this is universally acknowledged by all professional groups, and all members of recognized professional associations are subject to codes of professional conduct and disciplinary procedure which are designed to ensure that the professional ideal is maintained.

But Mr. Graham goes on to say that "when we get beyond medicine, things

trade on the reputation built up and maintained by the qualified professional, he can do irreparable harm.

For instance, as a professional accountant, I am frequently called upon to help re-establish a business which has been brought to near-ruin because the owner acted on the advice and information given to him by an untrained and incompetent person who chose to call himself a "public accountant." Most of my colleagues have also had this experience, and it is certain that a great many of the business failures we have seen recently can be blamed in large measure on the inadequate data compiled by home-made "accountants."

The businessman, like other members of the public, is usually not able to appraise the qualifications and experience of those who offer professional services. He must rely on the professional designation which that person is permitted by his professional association to use, whether that designation be M.D., P.Eng., C.A., or whatever. Unless those associations can insist that those who join their ranks are technically qualified, and unless they are also empowered to protect the integrity of their professional designation from those who seek to mislead the public by masquerading as properly trained professional practitioners, the public will have no protection from the incompetent and the dishonest.

Mr. Graham seems to think that the professional associations in this country are monopolies designed to restrict liberty and to prey on the public. If this is the substance of his charge, he displays a lamentable ignorance of the facts. The ranks of the professions are open to all who can meet the technical and moral qualifications they demand. These standards, quite properly, are high, but the fees, as far as I know, are not.

In my own profession, at least, the fees are remarkably modest. As far as numbers are concerned, the membership of the Canadian Institute of Chartered Accountants increased from 3,690 to over 8,500 between 1949 and 1959. This is surely a peculiar way to operate a monopoly. I venture to think that the other professional groups have experienced a similar growth.

The professions do not seek to prevent anyone from serving himself. One can

appear in Court without engaging a lawyer, pull his own teeth and, I suppose, even remove his own appendix if he has a mind to. But the well-meaning amateur should not be able to hold himself out to the public as being capable of performing any service where the results of his incompetence can result in physical or financial disaster to his unsuspecting client.

VANCOUVER

ROBERT W. V. DICKERSON

B.Com., C.A.

Sexless Schools

It is most surprising that Arnold Edinborough, in his otherwise interesting article on The Status of Private Schools in Canada [SN May 28], makes no mention of what are surely two very important motives in sending children to private schools; firstly, the fact that far too many public school curricula in Canada are geared, academically, to the mediocre, and positively penalize children in the category from fairly bright to very bright; and, secondly, the desire to avoid some of the more deplorable social mores of the co-educational high schools, such as preternaturally early dating and over-pre-occupation with the opposite sex.

These are very valid considerations for parents who take education as a serious training for adulthood, rather than a kind of social merry-go-round.

WILLOWDALE, ONT.

A. F. LOWELL

True Pioneer

As a former Ottawa resident, I read with interest the story in the May 28th issue of SATURDAY NIGHT about the Ottawa Symphony Orchestra.

Dr. Allard de Ridder is also honored in Vancouver. He was the founder of the Vancouver Symphony Orchestra. Although highly qualified, having two Doctor of Music degrees . . . one from Cologne in conducting, and one from the Toronto Conservatory . . . it must be no small feat to have fathered two sturdy symphony orchestras in our vast country. He is surely one of our true pioneers of orchestral music in Canada.

NANAIMO

NANCY BOWMAN HEATH

Tools of Trade

I was rather surprised to read the reply given in the Gold & Dross column of your May 28 issue to a reader who asked the following question:

"Do you think the chain-store stocks will recover to their former levels?"

In your reply you stated "The industry has reduced its prospects by adopting trading stamps. If this drain on its earnings could be eliminated (it is to be hoped that provincial governments will make stamps illegal) the outlook for the industry would be improved."



2

pleasant surprises!
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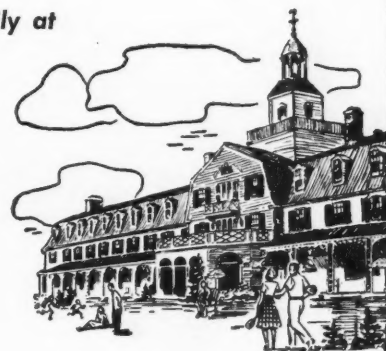
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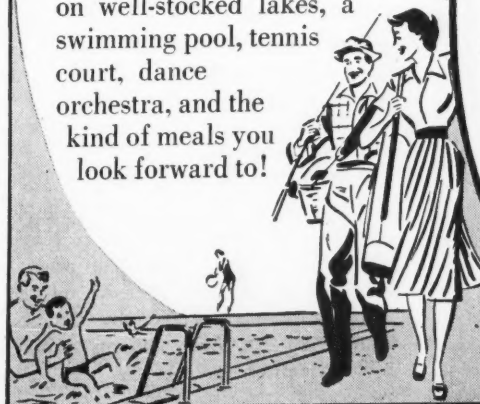
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P.O. Box 216, Station H, Montreal.

To repeat that I was rather surprised is the understatement of the year for you should know, more than anyone else, that sales promotion plans are the tools whereby increased volume of sales is obtained. Furthermore, in suggesting that Provincial Governments should make stamps illegal you are hitting right at the core of the free enterprise system.

This system has built Canada to what it is today, a dynamic force in the business world. Frankly, I could not see the logic of your reply to your reader.

TORONTO

D. B. KINNAIRD

Managing Director

Canadian Association of Stamp Companies

Encouraging Word

A pat on the back is good for everyone once in a while and I feel you certainly deserve one—SATURDAY NIGHT is improving all the time and has made tremendous strides in the last year—I look forward to receiving my copy more than any other magazine, realizing too how hard it must be to edit a first-grade, truly Canadian magazine, in competition with our overpowering neighbor to the South.

A lot of your other customers must feel the same way I do and it is high time some of us told you so. Here's wishing you the best of luck for the future.

VICTORIA

J. E. MATHEWS

Peace Is for the Dead

Your "Positive Peace" editorial [SN May 14] was, and is, positively silly. It would even be rather humorous were it not for the gravity of the social disease which it represents.

The morbid concern for "peace", of which the otherwise obscure Jean Ross MacMillan is a symptom, is leading the West to defeat and disaster. History shows that those nations and states which became too "peaceful" to defend themselves inevitably collapsed. No technological advances can cancel out the fact that only those willing to resort to force in the struggle for existence either survive or deserve to survive.

Peace is only for the dead, and editorial writers who deny this obvious truth are playing Khrushchov's game by encouraging dangerous delusions among our own people. They also add substance to his belief that we are a race of decadent and security-craving fools.

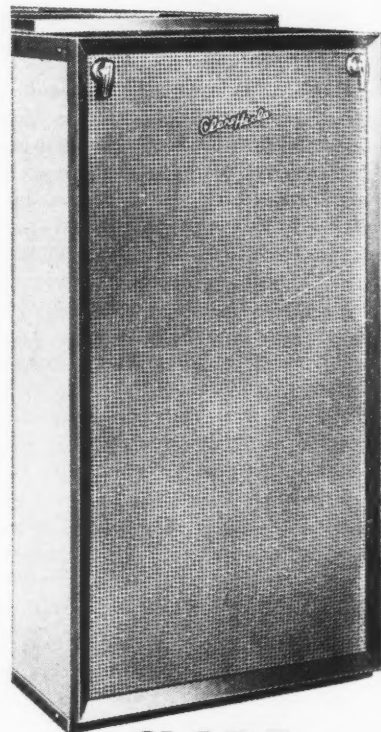
Whether we like it or not, we are engaged in a life and death struggle with Russian Communist imperialism. Not until we make victory rather than peace our aim, can we take the offensive on behalf of the millions enslaved by the Soviet Union and the other millions imperilled by its relentless advances.

MONTREAL

J. G. STEVENSON

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Comment of the Day

Home to Roost

IN APRIL, there were 517,000 people in this country without jobs and seeking work. This was 72,000 more than were without work at the same time last year.

In March, 9 per cent of the work force was idle compared with 6 per cent in the United States and less than 2 per cent in Great Britain.

Last summer New Zealand, with a population of 2,500,000 recorded 800 unemployed. In Canada we had proportionately 60 times as many.

Last summer 21 miners were flown, at government expense, from St. John's, Newfoundland to Elliot Lake, Ontario, under the surplus labor area legislation. In March this year Elliot Lake itself was declared a surplus labor area.

At the end of April this year, of 110 labor markets 71 were classified as "in substantial surplus", 38 were declared to be "in moderate surplus", and only one was classified as "in balance".

The federal government's capital works program for the current fiscal year has been reduced by 20 per cent.

In February 1958, in a radio broadcast from Prince Albert, Saskatchewan, Prime Minister Diefenbaker said: "So far as I am concerned, so long as I remain Prime Minister of this country no man or woman in this country will suffer as a result of unemployment as long as public works and that type of thing will bring them the immediate relief they need".

Shielding the Government

A RAILWAY STRIKE across Canada is almost certain this Fall from the look of the conciliation proceedings now going on in Montreal between the railways and the representatives of 118,000 organized non-operative workers. If it does come to a strike, it will be one in which sympathy will be felt for both sides.

The workers are asking for a new contract for two years that would give them benefits costing — on their reckoning — 26.15 cents an hour. They base their claim on comparison with wages being paid to workers in "durable goods", a Dominion Bureau of Statistics classification of industry. (This is a standard the union men have reluctantly accepted in previous wage disputes, and one which

the railways now seem to wish to repudiate).

The unions say that by February 1st of this year they had fallen 15.8 cents behind the durable goods standard and the 26 cent increase sought is intended to keep them abreast of increases in other industries over the next two years.

The railways have answered that (a) the workers are properly paid now (average \$1.77 an hour) in comparison with outside industry and that (b) railways cannot pay the increases since the government has frozen freight rates until after the Royal Commission on Transportation reports. The paramount consideration is that the increases would cost the CNR and CPR together \$63 million a year on the union's calculation — and considerably more when other workers, who would also be affected, are con-

Lament for the Powers That Be

Khrushchov, Khrushchov, burning bright
Through the glooms of atomic night
Why did Ike lend thee such a spy
To frame thy fearful summitry?

VIC

sidered. Without new revenue the railways clearly cannot meet this demand, and new revenue is barred for an indefinite period by government edict.

In effect, therefore, the unions are battling the government, with the railway managements as shuttlecocks between. Frank Hall, the veteran non-ops leader, has deplored that such circumstances virtually nullify collective bargaining with the railways, for at all negotiations and hearings there is always an all-powerful, but absent, delegate — the putative representative of the Board of Transport Commissioners and of the government.

Sympathy goes to the unions whose members are asked to forego increases they believe are due—and needed to keep abreast of the increased cost of living—simply because the government is not ready to consider such thorny problems as the Crow's Nest Pass grain rates and Maritime freight rates. The unions rightly argue that if public policy demands that some rates, or all rates, be kept artificially

low, the cost should not be borne by the railway workers, but should be spread across the whole Canadian economy. This means subsidies.

Sympathy is due to the railway managements, too, for being forced into the position of trying to put some sort of case for holding the line on salaries when in fact what they are having to do, is shield the government and its creature, the Board of Transport Commissioners.

If there is a strike Mr. Hees, and his fellow cabinet members, will deserve more blame than either the railroads or the unions.

A Curious Ruling

ANY CHANGE to improve the operation of the Toronto Stock Exchange is to be welcomed. But there may be some doubts about the latest Exchange action.

The Exchange's Board of Governors recently decided that it was time to bring their Exchange into line with the New York Stock Exchange on the matter of short-selling. So the Toronto Exchange decreed that henceforth short-selling would be permitted only on a rising market. In other words, a speculator or trader could not sell a stock short unless the price was going up.

This sounds fine. It protects the promoter and helps him get his deal going. But we wonder about the thinking behind such a rule. It's the same thing as saying, really, that no one should be permitted to buy stocks unless the price is going down. Surely this is a curious view of an open market.

Justice Against Bailiffs

A MATERIALISTIC SOCIETY is often much more concerned about property than justice. That is the only reason we condone the action of police officers who shoot, and sometimes kill, people merely suspected of stealing a car.

But the rule of law has been reasserted in a recent action before the Ontario Court of Appeal. The appeal was brought by the Crown against the acquittal of three bailiffs who had been charged with committing an assault when repossessing a TV set.

The facts in the case were simple. John Chappell had arranged to purchase a TV set and had had his old television set

accepted in part payment. He had only paid approximately \$15 in cash for the new one and his payments were very much in arrears.

Two bailiffs arrived at the door, brushed aside Chappell's eleven year old son, forced their way into the apartment and said they had come to take the television set.

Chappell did not know what his rights were in the case and sent his wife to telephone for the police to find out. But before the police arrived, there was a fight. This fight was joined by a third bailiff described as "a sturdy man about six feet in height and weighing 240 lbs". The evidence showed that "his mere presence apparently sufficed to terminate the fighting". In other words, the seller of the TV set had licensed three people to act on his behalf and chosen them for their size and physical strength. But other businessmen who are accustomed to license people to repossess by force what should be taken back by due process of law, should note carefully what the Court of Appeal said in reversing the original judgment and fining all three bailiffs.

1. Goods may not be repossessed merely through an agent or bailiff acting under written authority backed up by the threat of force.

2. Whatever may be said in a conditional sales contract, it is still illegal to enter the delinquent purchaser's premises by force.

3. Even if entry is gained legally, a threat of force instantly transforms the bailiff into a trespasser.

In summing up, Mr. Justice Schroeder said: "I hope that the expression of this opinion may serve to correct certain impressions which seem to have got abroad that merchants who sell their wares on credit under the terms of hire-purchase agreements, finance companies to whom such agreements are sold and assigned, or bailiffs employed by the vendors or their assignees, may take the law into their own hands and exert private force with impunity. If they are unable to retake their property by peaceable means and without provoking a breach of the peace, the courts are always open to them and they may institute replevin proceedings or take such other action as they may be advised in order to recover their property".

And in this Mr. Justice Schroeder merely restated what Blackstone said in his Commentaries in even more forceful language: "As the public peace is a superior consideration to any one man's private property; and as, if individuals were once allowed to use private force as a remedy for private injuries, all social justice must cease, the strong would give law to the weak, and even man would revert to a state of nature; for these reasons it is provided that this natural right of recaption shall never be exerted where such

exertion must occasion strife and bodily contention, or endanger the peace of society".

Nights at the Opera

TORONTO RECENTLY had its annual opera binge. Brought up by the Rotary Club, the Metropolitan Opera of New York presented five operas. For each night's performance the Met insisted on a guarantee of twenty-five thousand dollars. What, if anything, was left over after this had been paid, went to Rotary's charitable projects. In order to make any money at all, therefore, the performances were held in Maple Leaf Gardens. For even when the new O'Keefe Centre is finished it will not be large enough to meet such a whacking guarantee at any seat price people would pay.

But the mere fact that some of the greatest music that Europe produced was being performed in a hockey rink did not deter Torontonians. Knowing that "white gloves for the op'ry are *dee rigger*" they turned out in top hats, white ties, minks, pearls and diamonds. It would never do, after all, to admit ourselves to be inferior to New York and though we don't have the Met, nor even a theatre to put the Met into, we at least have society.

Such antics must make the Canadian Opera Festival, which puts its performances on in the Royal Alexandra where one can hear them perfectly, wonder whether there is any justice.

All's Well That Ends Well

ALL THE TOURIST and travel people who made such a fuss about the chartered banks' decision not to handle American coins without a discount could have saved their breath. For there will be no difficulty at all in accepting American dollars at par this season. In the two months since the banks made their decision, the American dollar has gone up to par with the Canadian.

In fact, so astonishing has been the rise of the American dollar that some people have been suggesting that the Bank of Canada must have played a part in deliberately depressing the Canadian dollar. This, of course, can be supposition only since, if the Bank of Canada were going to do this, it would not take the public into its confidence. And very few people in this country, outside the Cabinet, would know that this was going on.

It seems to us, however, that there has been a more potent reason for the sudden upsurge of the American dollar which on March 25 stood at 95 and by the first week of June stood at nearly par.

The great dispute between James E. Coyne, Governor of the Bank of Canada and Donald Fleming, Minister of Finance,

began to get attention outside this country by the end of March. And by April 9, when the budget was presented, there was comment on the dispute in a great many American papers and in English papers, too (both *The Times* and *The Guardian* gave it considerable space).

It seems as if foreign investors concluded that Mr. Coyne, being a permanent official, was very much to the point in his remarks (basically, that we are expanding at a rate too expensive for us to bear for very long); and that they discounted Mr. Fleming's optimism as being engendered more by politics than by good economic policy. As a result they have disposed of their holdings in Canadian dollars.

Though this may not be the whole explanation — both the Bank of England rate and the West German Bundesbank rate have been increasing and thus there has been more incentive for short-term money to go there — it certainly looks as though the dispute in itself has achieved what Mr. Coyne obviously wanted and what Mr. Fleming will certainly find welcome.

The Four Corners

A PUBLIC SCHOOL is charged with educating the children in its immediate vicinity. An independent school, especially when it is a boarding school, can draw its students from all over the country. But what we did not mention in our recent article on independent schools [The Status of Private Schools in Canada: SN May 28] was that many of them also draw their students from outside Canada or send their graduates abroad.

A most telling example of this is in an editorial in the recent issue of *The Ashburian*, the magazine of Ashbury College, Ottawa. The editor reviews what his predecessors are now doing and where they are doing it. He says:

"John MacCordick (1950) after attending McGill, went to Heidelberg University to obtain his M.Sc.

"J. Fraser went on from his post as editor of *The Ashburian* to become Editor-in-Chief of the *McGill Daily*, and then attended Oxford as a Rhodes Scholar.

"G. Carne, the 1953 editor, is in Australia taking night courses at the University of Sydney.

"George Verhaegen, editor in 1954 and 1955, is now in his final year of Engineering at the University of Brussels.

"A. C. Van Schelle is now at the University of Leyden in the Netherlands, taking second year Arts."

As the editor says: "The example of former *Ashburian* staff serves as an inspiration." It also serves to show, paradoxically enough, the internationally public character of Canadian private education.



You too will beat the drum for Trinidad and Tobago

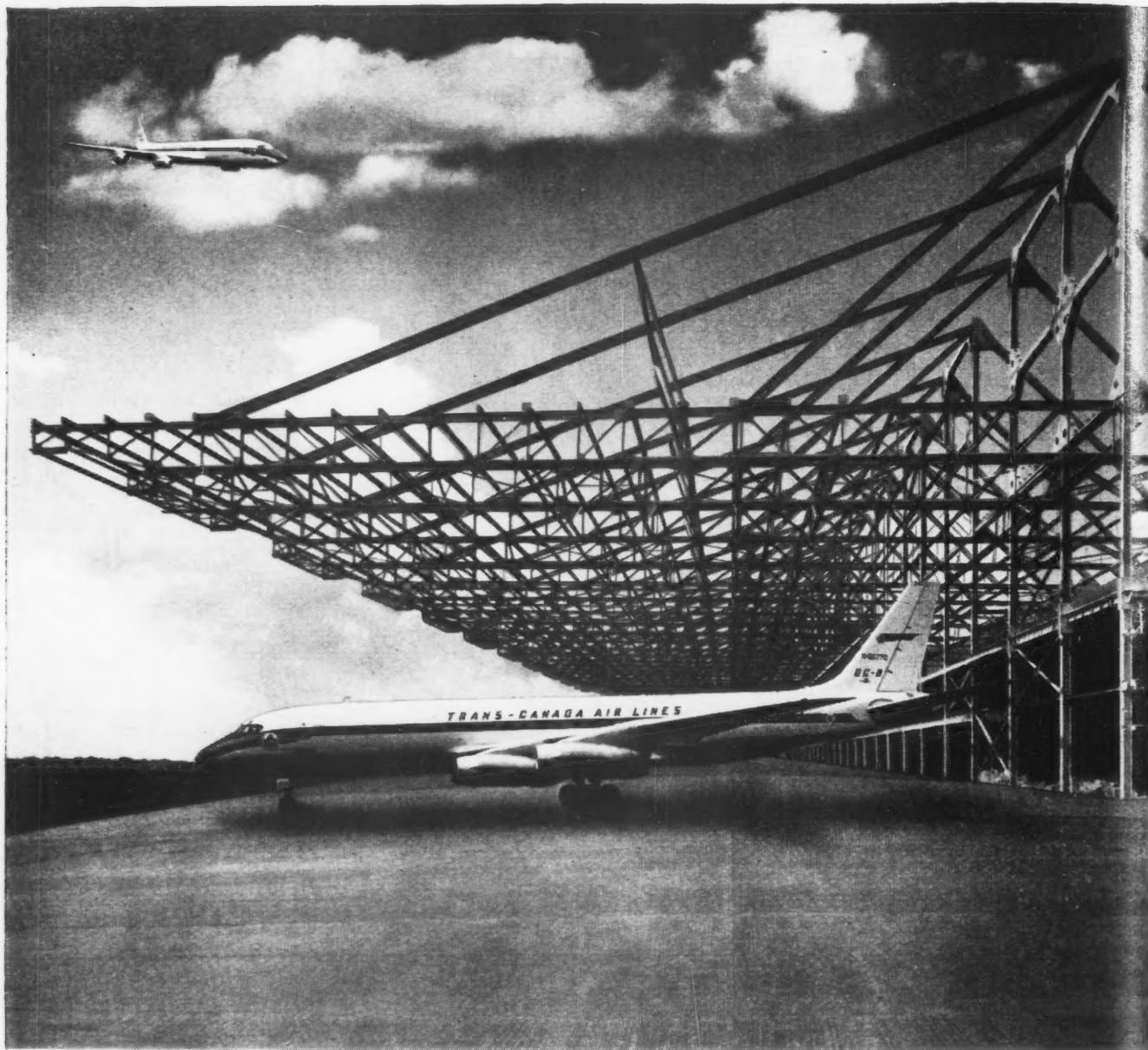
Musical steel drums originated in Trinidad. So did Calypso and the Limbo. In fact, most things that make the Caribbean so popular come from Trinidad and are found there in greater abundance than elsewhere. And Trinidad is unique in yet another important respect. Her cosmopolitan population — East Indian, Hindu, Moslem, Chinese, Syrian, African, European and American — lends exotic interest and is probably one more reason why Trinidad is the gayest and most colorful island in all the Antilles.

In contrast, Tobago, only twenty miles away, is an idyllic spot, completely unspoiled. This charming island was the first choice for the recent Royal Honey-moon. Hollywood has discovered it and several films

were made recently using her lush, breathtakingly beautiful scenery as background. Swimming, sailing, fishing and snorkeling are unsurpassed and cooling trade winds make every season a pleasure.

Shopping bargains abound in Trinidad and Tobago and prices are surprisingly low. Reduced summer and fall rates for hotels and transportation make your vacation even less expensive.

No wonder everyone who has visited Trinidad and Tobago becomes a booster and beats the drum for these enchanting islands. For information and illustrated folders see your travel agent or write to: TRINIDAD AND TOBAGO TOURIST BOARD, 1210 Sherbrooke St. W., Montreal, Quebec, Canada.



Room to swing a jet

This huge steel frame is the backbone of a hangar for jetliners. It belongs to Trans-Canada Air Lines and is part of their new multimillion dollar base near Montreal designed solely for the maintenance of turbine aircraft.

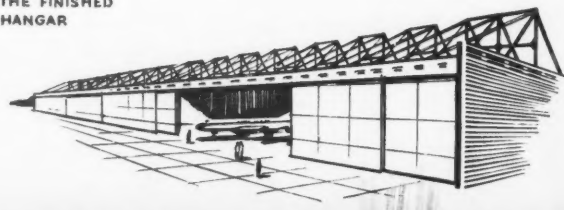
Because of the size of modern aircraft vast covered areas free of all vertical supports are necessary to permit planes to manoeuvre freely. In this building, structural steel, fabricated and erected by Dominion Bridge, is used to create the largest cantilever roof of its kind in North America. It projects 175 feet for a length of 836 feet and provides a post free area larger than two football fields.

The roof structure is suspended by diagonal members from anchored and braced steel columns. The design permits unobstructed entrance through 50 ft. high sliding doors for the whole length of the building.

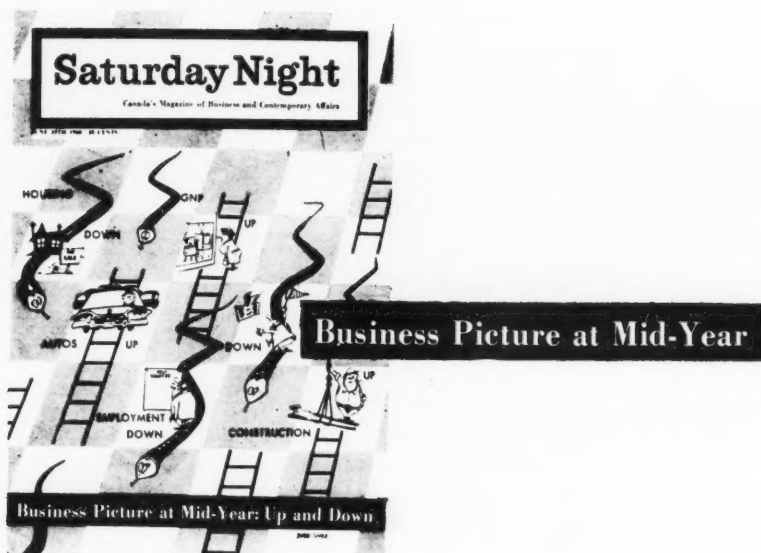
Five DC-8 jetliners can be accommodated. Architects and engineers were Ross, Fish, Duschenes and Barrett of Montreal and E. W. Sellors of T.C.A., and the general contractors, Pigott Construction Ltd.

This is an example of Dominion Bridge at work—five divisions—Structural, Mechanical, Platework, Boiler, Warehouse Steel. Fifteen plants coast-to-coast.

THE FINISHED HANGAR



DOMINION BRIDGE



The Economy:

Rosy Light or Growing Shadow?

by R. M. Baiden

THE DARK SHADOW of trouble is stretching over the Canadian economy. At the moment it is just that—a shadow. Before the year is out it may vanish under the rosy light of increased production, lower unemployment and increased exports. Or it may lengthen to foretell the most difficult times since the 1930s.

Those are the extremes. Each extreme has its supporters. The federal government, for instance, goes along with the rosy light view. Several independent economic research organizations take the worst since the '30s" approach. But economic forecasting of this sort is not, of course, an "either-or" proposition. The result need not be one extreme or the other; it may well be somewhere between. But anywhere between no recession and a lot of recession is some recession. And that is the prospect.

Apart from analyzing specific economic indicators, as will follow later, there is one important overall harbinger—the stock market. As noted in a following article, the New York stock market is technically in a bear trend. But the significance of

such a trend is, historically, most important. Bear markets characteristically precede periods of economic recession, or depression, the extent of the economic downturn being to some extent foretold by the size of the bear market. If the current bear market runs its maximum possible course, we are in for a rough time indeed. It would indicate a recession lasting perhaps three years. Just now, however, there is no way to predict how long the bear market will run. It started last July. Major stock market movements are reckoned to anticipate general economic conditions by anywhere from six months to a year.

If it is useful to think of the stock market sometimes as a state of mind—a collective opinion—the view of Canada by U.S. investors is indeed disquieting. They are, in fact, selling Canada. Recent figures show that seven U.S.-owned mutual funds specializing in buying Canadian stocks were forced to sell parts of their portfolios to meet the demands of shareholders who wanted to cash in. And cash in they did to the tune of \$24 million.

Nor is it comforting to be told by Kenneth S. Van Strum, president of Canadian International Growth Fund, that the "decline in foreign interest in Canadian equities can be attributed as much to the economic renaissance of Western Europe and Japan . . . as to any lack of investment opportunity in Canada." In other words, what we have to offer is all right, really, but what they have to offer is a lot better.

Well, then, what's wrong with what we have to offer?

Perhaps outside investors are put off by inflation described as growth. Last year, for example, Canada's Gross National Product rose by close to six per cent. But of this total, slightly more than two per cent was accounted for by increased prices. Nor is the problem of inflation by any means solved in Canada.

A. Ross Poyntz, president of the Canadian Life Insurance Officers Association, said late last month that during the first four months this year the Canadian dollar lost 1.3 per cent of its value. "This has occurred during a period when the prices

of primary commodities were fairly stable, and when productivity might have been expected to show good gains and to reduce upward pressure on cost," he said.

Again, J. C. Whitelaw, general manager of the Canadian Manufacturers' Association, identified inflation as a major trouble spot in the Canadian economy in his address to the annual meeting early this month.

"The Association recommended that the government continue to recognize the need to ensure public confidence in the monetary system, removing confusion if not controversy through objective public statements, from time to time, of its assessment of inflationary or deflationary forces and the measures being used to counteract them."

Indeed, it appears Canada may be trailing other nations in controlling the problem of inflation. Last September Dr. Per Jacobsson, managing-director of the International Monetary Fund, said that "in all likelihood, world inflation is over."

Dr. Jacobsson has since repeated this view, adding that people in many countries have "more confidence in money than existed only a few years ago" and that the desire to hedge against inflation has weakened distinctly. Significantly, he notes that although some prices may still be rising, "for not a few goods, prices are declining in many parts of the world, especially if improvements in quality are taken into account."

The First National City Bank of New York, commenting on Dr. Jacobsson's views, notes here that output and productivity "have increased and competition has sharpened with the regeneration of industry in Western Europe and Japan." This, then, may well be the reason why U.S. mutuals see greener fields than Canada has to offer.

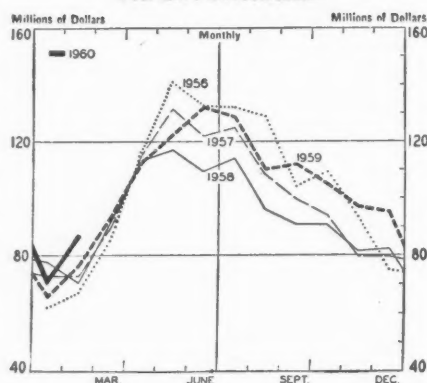
It would be incorrect, of course, to think that Canadian authorities ignore this problem. The Bank of Canada has for years led the anti-inflationary forces — although its fight has been compromised from time to time by government requirements. And, as SATURDAY NIGHT pointed out in its feature business forecast early this year [SN: January 9], if the Bank of Canada is, in fact, allowed to do what its governor, J. E. Coyne, predicted in his last annual report, it will wring a lot of water from the Canadian economy this year.

There is no reason now to doubt this prediction. The money supply has not been increased. It has, in fact, decreased a trifle from last year. Interestingly, the treasury bill yield and interest rates allied to it have decreased.

SATURDAY NIGHT also pointed out the close relationship between basic Bank of Canada—or Canadian government—policy and basic policy of the U.S. Federal Reserve Board. Here, there may be room for some concern.

RETAIL FINANCING

PAPER PURCHASED



Barron's, U.S. business and financial weekly, noted late last month "mounting sentiment at the Fed for lowering margin requirements on purchases of stock."

Barron's then commented that such a move would be ill-advised "for it undoubtedly would spur demands for further loosening of credit all along the line."

"However expedient it might appear, such a policy would be bad business, both at home and abroad. For in many different ways, tight money puts a squeeze on prices and costs, as well as a premium on efficiency. A switch to easy money inevitably would be at the expense of U.S. competitive prowess, which . . . is none too robust at best. Furthermore, the shift would come at a time when major commercial rivals, such as Great Britain and West Germany, vigorously are pursuing the opposite course. In recent months the Bank of England has raised its discount rate from four per cent to five per cent; it also has imposed new curbs on bank lending and consumer borrowing. The Bundesbank (West Germany) has taken similar restrictive steps." (The Bundesbank has since announced an increase to 5 from 4 per cent.)

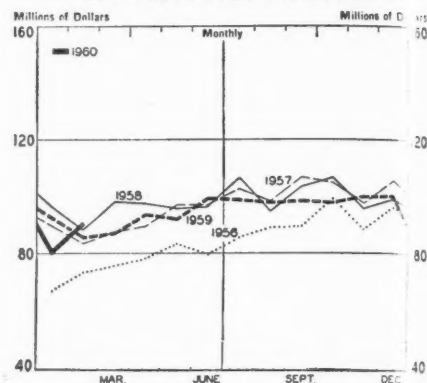
It is in this context that we must look at Canada's mid-1960 economy. On the demand side, our economy may be separated into four major sections and several sub-sections as follows:

- A. Government expenditures:
 1. Budgetary
 2. Non-budgetary
- B. Consumer expenditures
- C. Business expenditures (investment)
 1. Housing
 2. Plant and equipment
 3. Inventory accumulation
- D. Demand on foreign resources (exports less imports)

To take these categories in order:

A. The principal feature of the new fiscal program is the attempt to balance the budget. Finance Minister Fleming this year will try to keep expenditures below revenues and produce a small surplus. This, he believes, can be achieved if Canada's Gross National Product increases six per cent to around \$36.5-\$37 billion this year. Current Ottawa thinking is that

ESTIMATED REPAYMENTS



this goal probably will be reached but doubts have recently been growing among government economists. If expenditures are held in line, any budget deficit would be a reasonably accurate yardstick of declining prosperity — or recession — this year.

Non-budgetary transactions this year are scheduled to be well below last year's demands. The big ones this year include \$290 million for housing loans involving new and existing commitments; about \$150 million for capital investment and refunding for Trans-Canada Air Lines and Canadian National Railways and \$100 million for various miscellaneous purposes. On the receipt side will be about \$300 million from repayment of loans and from transactions in various annuity, insurance and superannuation accounts. As a result, net cash demands will be in the order of \$225 million, less the estimated \$12 million budgetary surplus—compared with \$900 million in 1959-60 and \$1,273 million in 1958-59.

B. Consumers are spending more this year than last—but not much more. In fact, total retail trade in Canada increased by 0.2 per cent in the first quarter this year over the first quarter last year compared with an increase of around five per cent in personal incomes. Interestingly, the biggest gainers in retail sales in the latest month, were grocery and combination stores, up 7%; and fuel companies, up 9%. The sharpest losses were recorded by variety stores, down 8%; family clothing, down 13%; shoe stores, down 12% and lumber and building materials, down 10%.

However, one of the biggest single consumer items, automobiles, showed a gain over last year. In the first quarter this year Canadians bought 104,647 new cars at a total cost of \$308,077,000. This compares with last year's first-quarter sales of 100,103 cars at a total cost of \$303,510,000. Again, the number of new passenger cars financed increased to 33,638 in the first quarter this year from 30,000 last year and total value of cars financed increased to \$78,779,000 from \$71,379,000.

Total retail credit, generally regarded as a barometer of public confidence, is

appreciably higher for the first two months this year than for the first two months last year and appears to be climbing at a steeper rate. On the debit side, however, repayments are trailing the pace of last year. (See charts opposite.)

C. Canada's modest economic strength last year came in great measure from business spending, in this case mainly for inventory accumulation where the reversal from liquidation to accumulation resulted in business spending totalling some \$700 million. This year, inventory building is expected to slow considerably because business is trying to avoid any chance of excess buying.

The Department of Trade and Commerce's supplement to Private and Public Investment in Canada, however, shows that spending on construction, machinery and equipment this year is expected to total \$11,582 million. This compares with \$11,164 million in 1959 and \$10,977 million in 1958. Overall, total capital expenditures are expected to increase 4.2% this year from last year. (Trade and Commerce department officials queried while this article was being prepared suggested the Department's mid-year survey would show a slight increase in expectations.)

Housing, of course, is the weakest sector in investment. The industry currently is running well below the White Paper on Investment forecast of 125,000 starts. It is highly improbable that this target will be reached this year. The house building industry, for its part, maintains that there is no hope of meeting this target unless more federal money is provided for mortgages.

D. Foreign trade has sparked a great deal of controversy among Canadians in recent months [SN April 16] and current figures are not likely to provide answers. In the first quarter this year, exports were well above the level of a year ago while imports were well below a year ago. But in April exports declined. No one can tell whether this was an isolated one-month occurrence or whether it signalled the return to last year's pattern of a sizeable trade imbalance.

Another complicating factor is the recent devaluation of the Canadian dollar. Its rapid slide to par, or below, with the U.S. dollar while auguring well for Canadian exporters, is sure to be questioned by international financial authorities who may suspect government intervention. If this sort of suspicion should become widespread, the results on the value of the Canadian dollar in international exchange could be severe indeed. No businessman, money market operator or trader wants to be stuck holding currency that is subject to a government's undisclosed action.

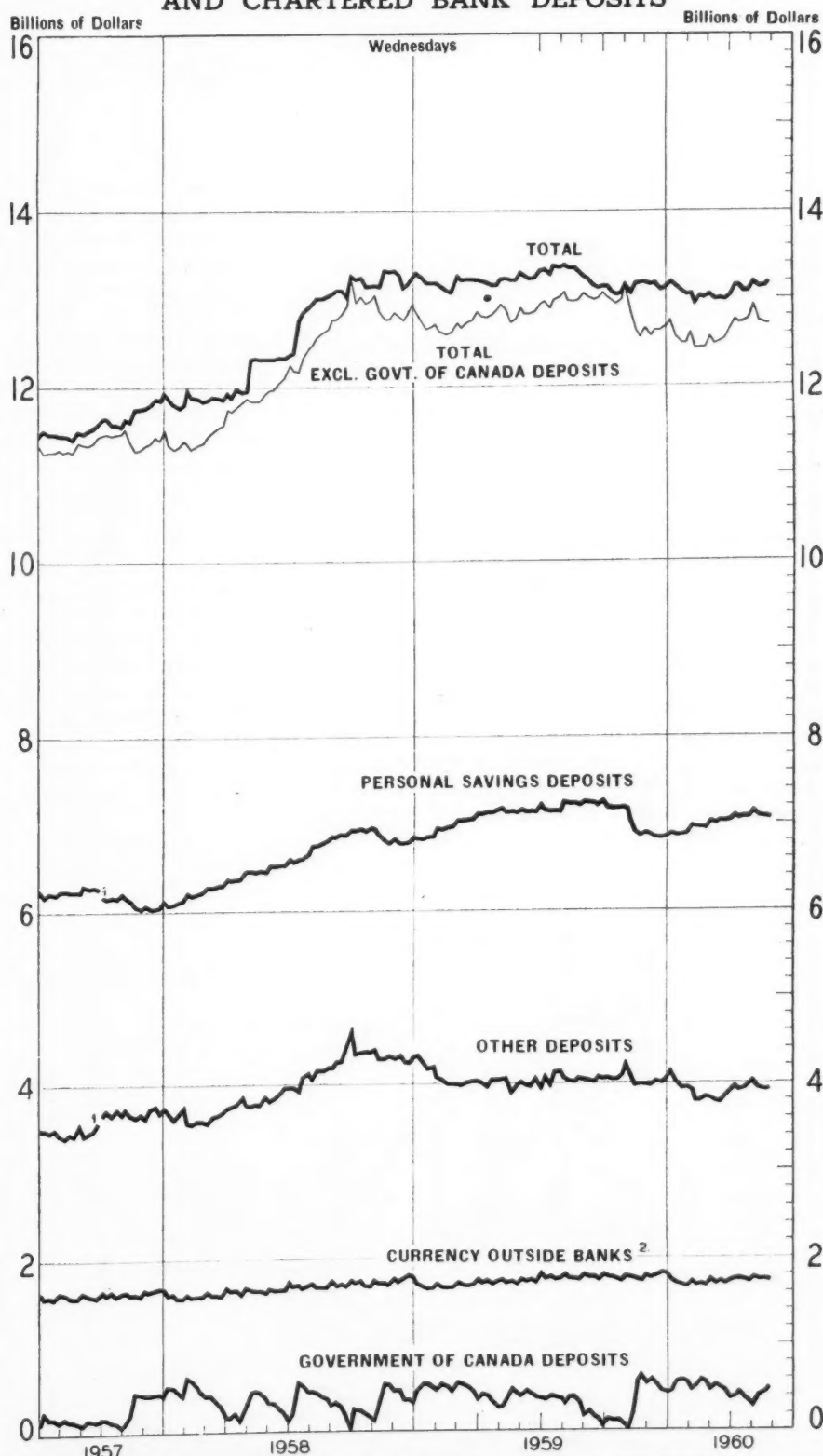
It must also be remembered that while a lower value on the Canadian dollar will aid exporters, it will hinder importers. And as every country is reluctant to buy

when it cannot sell in return, the lowering of the premium will work to some degree against exporters.

That, in outline, is the posture of the Canadian economy at mid-year. We have a lot going for us and, on the basis of

recent statistical data, there is not too much evidence of trouble ahead. But there are storm signals flying that it would be foolish to ignore. Statistics, for the most part, reflect only what has happened. They have little to say about what will happen.

5 CURRENCY OUTSIDE BANKS AND CHARTERED BANK DEPOSITS



Dollar Exchange:

How the Rate is Fixed

by Jack Miller

THERE SEEMS TO be almost total misunderstanding in Canada about how the exchange rate for the Canadian dollar is arrived at. Only recently an Ontario cabinet minister said "The exchange rate emanates from Wall Street". Even the precise CBC, usually most careful in this kind of thing, speaks of the Canadian dollar as being "quoted on the New York Stock Exchange".

It is not possible to say, for certain, what the reason is for this widespread ignorance. Perhaps it is a result of the natural tendency of Canadians to ascribe great economic and financial power to the U.S.A. and its financial headquarters, New York. And perhaps it is the result of the dimly remembered years before September, 1950, when Canadians had to deal in U.S. funds with the Foreign Exchange Control Board while the market for the free Canadian dollar was in New York.

Places where Canadian and American dollars are traded are Montreal and Toronto, with Montreal's volume larger than Toronto's. The New York exchange market (incidentally, no foreign exchange is

traded on the New York Stock Exchange) is a secondary market with a very low volume. Even the big U.S. banks don't generally trade Canadian dollars among themselves. They telephone to the Toronto and Montreal markets to do this.

The exchange market is set up with the Broker in the centre, although he never buys or sells a single Canadian or U.S. dollar. He has a direct wire to the trading desk of each bank and to the Bank of Canada. The trading desks of the banks are very busy for there are enormous amounts of U.S. dollars which change hands without going through the central desk. The job of the Broker is to listen to the bids for, and the offers of, U.S. dollars from each of the bank trading desks and to quote the highest bid and best offer to each. (There is usually 1/32 cent Canadian difference between the bid price and the offer price, although sometimes the spread widens to 1/16 cent Canadian). The bid and offer is for at least one "board lot" which is \$100,000 U.S.

At all times a bank's trading desk is

aware of the Broker's quote. On the basis of this quote, it buys from and sells to its branches and various customers. During a trading day it sells many U.S. dollars to branches who in turn sell them to the public for travel in the U.S. or a number of other purposes. But a bank may have as a customer a big exporter such as a newsprint company which would have many U.S. dollars to sell.

Thus, it is possible for a bank trading desk to buy and sell many U.S. dollars in trade with its branches and customers before it needs to buy any from, or sell any to, the central market. In a day's trading, for example, it is not unusual for a bank to trade ten times as many U.S. dollars with its branches and customers as it does with the central market. (This fact probably explains why this particular system of organization of the market works so well.)

The time comes, however, when a bank's trading desk needs to buy from, or sell to, the central market. Suppose that the Broker quotes the U.S. at bid 98-1/32¢ Canadian, offered 98-2/32¢ Canadian. He



I'VE GOT \$100,000
FOR SALE AT ONLY
98 2/32¢!



does not identify the bidding bank or the offering bank. When bank "A" 's trading desk bids 98-2/32¢ Canadian, the Broker tells bank "A" to buy \$100,000 U.S. from bank "B" at 98-2/32¢ and the Broker notifies bank "B" of the transaction. Then, the Broker notifies all the other banks' trading desks of the volume and price of the transaction but not the identities of the buyer and seller. Bank "A" and Bank "B" clear the transaction the following day by exchanging funds at the 98-2/23¢ price without any further reference to the Broker. The Broker does not work on commission. He is an employee of the Canadian Bankers' Association which pays him to perform his tasks.

What role does the Bank of Canada's trading desk, acting for the government's U.S. dollar fund, play? Normally it plays no role. When, however, the U.S. dollar rises or falls considerably within one day it will intervene with stabilizing purchases or sales which it will reverse soon afterwards. Thus, the Bank tries to even out sharp price changes without increasing or decreasing the Government's U.S. dollar fund for very long. As an example, if the U.S. dollar dropped by 1/4¢ Canadian in one day, the Bank would be expected to put in a bid with both the Montreal Broker and the Toronto Broker for, say, half a million at a certain price.

In an average day the Toronto and Montreal Brokers' total transactions amount to \$6-8 million U.S., with the total amount of U.S. dollars traded over the trading desks of the Canadian banks amounting to about \$60-80 million per day. Sometimes, though, the trading pace increases substantially. In the last week of May when the U.S. dollar was rising in value the Toronto and Montreal Brokers' total transactions were about \$20 million U.S. per day. This

was divided about as follows: Toronto Broker \$8 million U.S. per day, Montreal Broker \$12 million U.S. per day.

The total amount of U.S. dollar trading over the trading desks was about \$200 million per day. The New York market volume during this period is not precisely known but it is minor.

The big sellers of U.S. dollars are the big exporters such as the pulp and paper companies, the lumber companies and the base metal companies. Another group of sellers are the provinces, municipalities and corporations which sell U.S. dollar issues in New York. The big buyers of U.S. dollars are the Canadian companies, which import machinery and raw materials such as coal and oil, and importing merchants. Sometimes, if a company knows it is going to need U.S. dollars to pay for goods it is going to import at a known date in the future, it will contract to buy U.S. dollars for future delivery. The advantage of this procedure is that the company fixes the cost of the U.S. dollars in advance. Similarly, an exporter can sell U.S. dollars for future delivery — U.S. dollars that it knows it will receive for a future shipment.

As mentioned previously, there is a Toronto market and a Montreal market, with the Toronto Broker at the centre of the Toronto market and the Montreal Broker at the centre of the Montreal market. The two Brokers are not in contact although their quotations of the U.S. dollar are very similar, if not identical. This is achieved by each of the major banks having a trading desk in both Montreal and Toronto. When a bank finds it necessary to have the Broker arrange a transaction, it chooses the Montreal or Toronto Broker depending on which can offer the better terms. In addition to

trading in spot U.S. dollars, the market provides facilities to those who want to buy or sell U.S. dollars for future delivery.

Communications have been improved to a state of great speed and facility. A commercial bank's trading desk in Toronto has teletype contact with its main branches in the west, such as Winnipeg and Vancouver. It also has direct voice wires with its chief brokerage and bond dealing customers in Toronto. Further, it has direct voice wires with the Toronto Broker and with the bank's trading desk in Montreal. Also, it has a New York telephone line enabling it to make telephone calls to its New York bank customers as easily as a city telephone call is made.

All this system has been built up since September of 1950. Before that date, the free market for the Canadian dollar was in New York. At that time, the value of the Canadian dollar in New York which was traded in by non-Canadians drifted. For Canadians who wanted to buy U.S. dollars or had U.S. dollars to sell, the Foreign Exchange Control Board insisted that dealings be with them at fixed buying and selling prices. This was mechanically handled by the commercial banks by filling in the forms and mailing them to the F.E.C.B.

What would happen to the present highly developed system, if the Government decided to set a fixed value for the Canadian dollar in terms of the U.S. dollar? The answer is: very little. The U.S. dollar's range of quotation would be much more narrow but there would still be a range. It would probably be about 99 1/4¢ Canadian to 100 3/4¢ Canadian. There would almost certainly be more buying and selling by the Bank of Canada acting for the Federal Government's U.S. dollar fund.

WHAAAT—LEND YOU A BUCK?
HECK, I'M BROKE MYSELF!



Mild Recession— The Price of Peace

by Maurice Hecht

THE TROUBLE WITH economic predictions is that they are made initially by cautious, conservative economists, but then they get widely talked about and re-interpreted by people who have no knowledge of economics. Thus a prediction of a downturn at the end of 1960's fourth quarter (what, in fact, SN predicted in January) has been talked up in some quarters into a gargantuan recession come this Thanksgiving. The bulls have all gone from the scene, only the bears remain.

Such talk in itself is often termed irresponsible and some businessmen believe that we can, by this means, talk ourselves into a depression. But this is another area in which economists don't agree; they say, in fact, that it is unlikely that talk alone could have much effect. Even some responsible economists foresee a sharp decline this autumn.

Ignoring then what effect, if any, such talk may have on the business climate, what can an economist pick on as being the best indicators of Canada's business performance for the rest of this year?

1. Most of the indicators of economic activity show that we are actually ahead of the levels produced by the previous boom. But it has taken us longer to achieve these new highs than it did after the recession in 1957. In fact our rate of recovery has only been half as fast this time. The index of industrial production which started to move up again late in 1959 hit a peak in January of 173.3 (seasonally adjusted; 1949 equal to 100). Then it sagged and it hasn't got back there yet though it is moving upwards slowly.

2. Construction in Canada, according to federal figures, should amount to \$7.3 billion this year — about 3% above the dollar figure for 1959. But whether this figure in fact can be achieved is problematic. The government predictions allowed for a ten to fifteen per cent drop in housing starts which would mean at least 120 thousand starts this year. But in the first quarter the percentage drop in housing starts was over thirty per cent from the figures for the first quarter of 1959.

To balance this optimism on the part

of the government it should be pointed out that its figures do not take into account the building of the Pacific Northern Railroad, which in the next few years may expend over \$250 million. Nor did Ottawa take into account the building of gas pipelines and their ancillary construction to transport gas to the American border now that export permits have been granted. Admittedly, the bulk of these construction dollars will not be spent until 1961, but the amount spent this year may compensate for the sharp decline of residential contracts.

3. In manufacturing, there is no great pile-up of new orders. The situation is better than it has been in many industries for a year or more, but it is nothing to boast about. This again contradicts the original government estimates which had predicted, in the capital investment report, that the biggest percentage increase in capital investment would be in the purchase of machinery and equipment. The order books of Canadian firms making such equipment are not showing the bulge they should, especially when the slight rise in new orders is put into perspective with the increase in manufacturing capacity.

4. In international trade the figures have changed sharply in the past six months. In 1959 we imported \$386 million worth of goods more than we exported. Though this did not approach the trade deficit in 1956 which amounted to \$728 million, it was still double that of 1958.

Toward the end of 1959 though, the situation had begun to change drastically. In November and December we exported more than we imported. Although this situation didn't last very long the first quarter of 1960 shows a drop in our deficit over last year from \$166.2 million to \$38.7 million. The pattern of importing more than we export is, therefore, reasserting itself. But it is likely that we will end 1960 with a much lower deficit than we have had for many years.

5. In the capital market it is easier now for municipalities and provinces to obtain money at relatively favorable rates of interest in this country. This pool of

capital is partly due to the fact that the Federal Government not only expects to balance its budget, but even come out with a tiny surplus. There is, thus, less pressure on the Canadian dollar because fewer municipal governments will be trying to buy money in New York.

In sum then, a good general construction picture, a moderate manufacturing situation, a better balance of trade, plus a balanced budget, adds up to a declining premium on the Canadian dollar and more favorable trade conditions with the United States.

Strictly from economic indicators, therefore, as SN predicted in January, there may be a downturn, but nothing very serious.

But what of the political factors? The collapse of the summit might have led to alarm on the stock exchange. Curiously enough, it didn't. The Paris failure had very little effect on the market. (It should be remembered, though, that market prices have registered such a resounding drop so far this year that much of the fat had been cut away. In other words, the economic realities of the stock market could not be very seriously affected by political pessimism.)

On the other hand, it is equally true that the speculators have not rushed to put money into missile and other armament firms, although they might have done so on the assumption that governments, particularly that of the United States, would begin to increase its rate of armament building.

From the fairly moderate tone of Mr. Khrushchov's report on the summit conference when he got back to Moscow and his refusal to do anything drastic in East Germany, the political situation seems too fluid to produce any predictions that would affect the economy.

But it will be the political developments in the world which will really push the North American economy one way or the other. An intensifying of the cold war — particularly if Red China becomes belligerent in the Far East — might give governments the excuse to spend a good deal more money very quickly. Such a sharp injection of dollars would rescue us from a downturn and push us into another inflationary boom. But a quiet simmering of the world situation, probably caused by Mr. Khrushchov fighting his own battle for power in Moscow, would see us drift into a moderate recession.

In such a fluid situation prediction is even more chancy than usual. Whether a recession can be induced by a general feeling of uneasiness on the part of businessmen or whether a boom can be produced by the opinions of politicians, is anyone's guess. It is difficult to be educated enough even to hazard that guess. And talk of boom or bust is just that — talk.

How to Make Profits in a Bear Market

by Bruce Wallace

IT'S A SAD STORY that the stock markets are telling these days. Prices going down, volume of transactions going down, investor interest going down, profits going down. But as so often happens, what is bad news for the many is good news for the few.

The few, in this case, are those who realize that although "the market" may be going down, it doesn't necessarily follow that all the stocks that comprise the market are going down. Some, in fact, will be going up. No market—bull or bear—is homogeneous. Similarly, not all stocks move at the same time in any given market. So, while only the die-hard optimist would predict any early end to current bear markets, there is, theoretically, room for investment profit. But profit in bear markets is much more likely to be long-term than short-term, as in bull markets, and certainly is not virtually automatic, as it often seems in bull markets.

And we are in a bear market. Furthermore, since the bear market may be reckoned to have started as recently as last summer [SN March 5] it may well have a long life yet. (Bear markets characteristically eliminate half the gain of the preceding bull market in about two-thirds the time). The 10-year bull market bumped the Dow-Jones New York industrials from 161.60 to 685.47 and the Toronto industrials from about 175 to 555.65. Theoretically, therefore, the bear market could drop the New York and Toronto industrials another 150 points below current levels.

The difficulty is, of course, that there is no accurate way to predict just how severe the current bear market will turn out to be. The Dow theory is a handy guide for recognizing the nature of the market after a decisive turn, but it cannot foretell a major market reversal with any accuracy.

Still, it is well to remember that Dow

theorists are sticking to their guns in predicting that this will be the most severe bear market since the debacle of 1929. Certainly, the market's action so far this year holds no indication of a reversal.

Again, those who trade in Canadian stock markets must keep an eye on what is happening in New York. In most cases New York market action foretells Canadian market action. There have been differences, but they have been minor. (The most recent significant difference was the continued rise of New York last fall after the actual end of the bull market and the failure of Toronto to follow suit. In effect, the Toronto market reacted to the bear signal faster than the New York market did.)

There are now clear indications of a basic shift in buying psychology on the New York market. For example, in the first quarter this year, officers and directors of U.S. corporations sold over 500,000 shares more than they bought. (In the U.S., officers and directors are required to disclose any transactions in securities holdings of the companies they represent to the federal Securities and Exchange Commission.) *Barrons*, which reported the SEC figures, noted that this was the highest figure since the magazine stated compiling such records.

What is at least as important as the sudden swing to share selling, however, is the nature of the stocks sold and, equally important, the nature of the stocks that were bought. Of 38 industry groups listed, buying exceeded selling in 20 while selling predominated in the remaining 18.

INSIDER TRANSACTIONS

(Three Months Ending March 30, 1960)

TABLE I

BUYING ON BALANCE

| Industry | Shares Purchased | Shares Sold |
|---------------------------|------------------|-------------|
| Aluminum | 65,010 | 11,535 |
| Building Materials | 54,413 | 34,376 |
| Chemicals | 52,264 | 45,777 |
| Coal Mining | 26,525 | 10,745 |
| Containers | 72,439 | 3,400 |
| Department Stores | 29,428 | 20,870 |
| Food Chains | 48,852 | 16,148 |
| Glass Manufacturing | 29,226 | 22,565 |
| Machinery | 50,547 | 23,415 |
| Meat Packing | 25,377 | 8,975 |
| Non-Ferrous Metals .. | 58,905 | 39,111 |
| Paper and Pulp | 18,797 | 6,722 |
| Railroads | 67,318 | 47,660 |

HOW SN's BEST BETS PERFORMED

| | Recent Price | Dividend Rate | Yield % | Earned per sh. 1959 | Price Nov. 57 | 1958-59 | |
|-----------------------------------|-----------------|------------------|------------|---------------------------|------------------|---------|---------|
| | | | | | | High | Low |
| METALS | | | | | | | |
| International Nickel | \$54.00 | \$1.50 | 2.77 | \$2.92 a | \$36.00 | \$53.00 | \$34.87 |
| Noranda Mines | 38.00 | 2.00 | 5.25 | 2.55 | 38.00 | 58.00 | 35.25 |
| UTILITIES | | | | | | | |
| Bell Telephone | 44.00 | 2.20 | 5.00 | 2.48 | 39.00 | 44.12 | 39.75 |
| B.C. Power | 31.00 | 1.40 | 4.50 | 2.48 | 36.50 | 40.25 | 33.25 |
| NATURAL GAS | | | | | | | |
| Consumers Gas | 39.00 | 1.00 | 2.33 | 1.64 | 27.00 | 47.50 | 29.00 |
| Union Gas | 12.87 | 0.40 | 3.30 | 0.61 b | 11.37 | 19.50 | 15.12 |
| MANUFACTURING | | | | | | | |
| Massey-Ferguson | 9.00 | 0.40 | 4.44 | 1.65 | 6.00 | 16.75 | 5.87 |
| Moore Corp. | 44.00 | 0.80 | 1.81 | 1.82 c | 18.62 | 46.25 | 21.37 |
| Steel of Canada | 73.00 | 2.70 | 3.70 | 7.58 | 48.00 | 90.25 | 45.50 |
| BANKS | | | | | | | |
| Royal Bank of Canada | 70.00 | 2.40 | 3.41 | 2.83 | 59.00 | 93.00 | 53.00 |
| MERCHANDISING | | | | | | | |
| Simpson's | 29.00 | 0.70 | 2.40 | 2.36 | 16.00 | 40.00 | 16.12 |
| OILS | | | | | | | |
| Imperial Oil | 32.00 | 1.20 | 3.78 | 1.73 | 38.50 | 47.12 | 33.00 |
| Canadian Oil | 20.50 | 0.80 | 3.92 | 1.23 | 26.00 | 30.25 | 23.37 |
| PAPERS | | | | | | | |
| Abitibi | 41.00 | 1.70 | 4.14 | 2.72 | 25.00 | 40.12 | 24.37 |
| MacMillan, Bloedel & Powell River | 15.00 | 0.75 | 5.00 | 1.13 d | 16.50 | 21.62 | 15.25 |

Prices 1957-58-59 adjusted for stocks splits: a—2/1; b—5/1; c—3/1; d—2/1.

| | | |
|------------------------|--------|--------|
| Shipping, Shipbuilding | 1,975 | 740 |
| Steel, Iron Ore | 52,590 | 25,641 |
| Sugar | 8,779 | 5,200 |
| Television | 27,803 | 4,300 |
| Textiles | 24,673 | 22,550 |
| Tobacco | 12,758 | 4,125 |
| Utilities | 19,109 | 6,622 |

TABLE II
SELLING ON BALANCE

| Industry | Shares Purchased | Shares Sold |
|-------------------------|---------------------|----------------|
| Airlines | 12,144 | 21,372 |
| Aircraft-Missiles | 69,527 | 97,408 |
| Amusements | 33,670 | 165,220 |
| Automobile & Parts | 52,391 | 59,404 |
| Drug Manufacturing | 29,696 | 33,089 |
| Electrical & Electronic | 67,344 | 401,935 |
| Farm Equipment | 6,980 | 31,250 |
| Finance | 18,165 | 25,558 |
| Food Producing | 29,289 | 49,774 |
| Insurance | 3,551 | 12,150 |
| Investment Trusts | 6,917 | 7,355 |
| Liquor | 3,958 | 16,000 |
| Natural Gas | 21,496 | 141,175 |
| Office Equipment | 15,036 | 74,765 |
| Petroleum | 61,656 | 70,858 |
| Rubber | 11,919 | 29,945 |
| Trucks & Trailers | 5,042 | 46,042 |
| Unclassified | 331,522 | 457,763 |

From the table it is clear that corporate "insiders" have switched to more sober securities than the space age and missile stocks currently providing the speculative fodder in New York [See SN July 4, 1959].

The switch should be good advice to Canadian investors. For those who choose to stay in the market, the best bets are the bigger, well-established companies. As a general guide, natural resource companies may be expected to benefit first from a reversal in the market, while utility and service-type companies may be expected to suffer least in a prolonged market slide.

In fact, SATURDAY NIGHT has no hesitation in recommending again the 15 best bets it selected in November, 1957, just after the sharpest and longest downward reaction in the market since 1949.

The list still offers solid attractions notwithstanding substantial increases in value in several cases since it first appeared. Three issues can be purchased today for less than in November, 1957, although in no case did they fail to appreciate in the 1958-59 period.

Seven of the group have exhibited the outstanding characteristics of the growth situation—splits and subscription rights. Four were split while three others—Bell Telephone, Consumers Gas and Royal Bank—gave rights. Further splits and rights for some of the 15 can be envisioned.

The entire 15 are dividend payers and have been for a long time. This, along with sustaining and prospective earnings, gives them a preferential rating, and this

should be evident even in a sluggish stock market. All have won a place in the portfolio of the managed-investment companies. All enjoy wide markets, in some cases having international followings.

The list particularly commends itself to the novice investor who is just beginning to see the stock market in its proper perspective—as an agency for forwarding his long-term financial independence. This is the alternative to viewing the market exclusively as a vehicle for gambling in the hope of making up the annual deficit between income on the one hand and expenditures plus income tax on the other.

International Nickel — Accounting for a huge share of dividends paid by Canada's metal makers, Inco is the free world's largest nickel producer. Big new mines in Northern Manitoba enable intensified sales promotion of nickel. Distribution through own warehouses obtains top market prices. Platinoid metals in Sudbury ores further enrich treasury.

Noranda Mines — Continues to add stature as integrated copper company. Implications of mining and metal-making activities offset shadow of adversity in gold-mining and manufacturing subsidiaries.

Bell Telephone — Has been one of steadiest stocks on the board in recent sessions, showing that the effect of regular dividends and recurring subscription rights is not lost on investors, whether private or institutional. Attractions reside in yield, which can be increased by sale of subscription rights and treatment of proceeds as tax-free dividend, rather than in possibilities of price appreciation.

B.C. Power — An interesting bet on the rate of growth of British Columbia, which is one of the country's richest provinces. Great expansion of company interests indicated.

Consumers Gas — Sales and income have mounted progressively since switch from manufactured gas to natural gas 5½ years ago. Distributes in Toronto and in some Eastern Ontario centres. Prime growth possibilities.

Union Gas — Staked out in the rich southern Ontario market west of Toronto, including industrial strongholds of Hamilton, Windsor, and Niagara Peninsula. The use as storage reservoirs of old gas-bearing formations in Sarnia area enables purchase of surplus, off-season gas from the west, and holding for peak winter consumption period.

Massey-Ferguson — Agriculture is being increasingly mechanized throughout the world, and few companies are better situated to benefit by this trend than Massey-Ferguson.

Moore Corp. — A pace-setter in the automating of paper work, of increasing concern to industry because of mounting clerical costs. Penetration of markets reflects aggressive selling approach and,

coupled with constant drive for increased manufacturing efficiency, has piled up a record of earnings growth and stock splits which has endeared Moore to the seeker of preferred growth situations.

Steel of Canada — Sixty years ago SATURDAY NIGHT (and not Sir Wilfrid Laurier as popularly supposed) coined the phrase: "The 20th century belongs to Canada." Nowhere has this saying been more applicable than in the progress of Max Aitken's (Lord Beaverbrook's) merger of a handful of iron and steel companies into a single unit headquartered at Huckleberry Point on Hamilton Bay. This took place in 1910 and the dizzy pace which its steel industry has maintained since explains why Hamilton is known as The Ambitious City. Stelco is the country's largest steel maker and is exceptionally well placed to cash in on the growth of the natural gas-pipeline industry.

Simpson's — Continues to reflect benefits of association with Sears-Roebuck. Mail-order and retail-store activities on national scale, enabling maximum benefits from growth of economy.

Royal Bank — Formerly regarded as a rich man's hobby, bank stocks have steadily gained in investment popularity since the rescinding of the old double-liability feature. Selected for inclusion in the 1957 list because of aggressive approach to new-business promotion, Royal more than justified its choice. Probably typifying a trend is its current granting of rights to subscribe to new capital, which is needed to handle enlarged volume of business. Nothing is more indicative of a company's growth.

Imperial Oil — The country's largest integrated oil company. Wins a high degree of investor preference in an industry for which a steady growth is indicated notwithstanding current difficulties arising from surplus of production and problems of distribution.

Canadian Oil Companies — A favorite with the investment community because of Canadian control. Common stock possesses great possible leverage by reason of proportions of debt capital being employed. Fully integrated.

Abitibi — Canada's largest newsprint producer with newsprint as its greatest source of revenue while fine paper and hardboard account for about 23% of sales. Outlook is for country's 1960 production (which is 80% exported to the U.S.) to exceed 1956, the peak year. Shrinking premium on Canadian dollar brightens prospects.

MacMillan, Bloedel and Powell River — A recent merger, resulting in country's fourth largest newsprint capacity—731,000 tons—strongly supported by forest reserves. Located on tidewater in climate enabling year-round operation. Merger should produce economies and increased efficiency.



Cap Haitien, nestled in lee of mountains, is Haiti's second largest city.



National Palace is in Port-au-Prince.

Holiday in Haiti: Land Long Asleep

by Harry Rasky

IN AN AGE WHEN the jet airplane races the wind, and we measure our vacation joy by the lustre of bathroom tile and the just-as-if-was-at-home comfort, the ten million cocks that crow and the hounds that screech a midnight moan to the moon and the native drums that throb across hungry hills are a distant call to Haiti. This black-and-beige almost-republic remains at the moment in that raw state of unchange—BCH (Before Conrad Hilton). Its moody mountains and raucous marketplaces have chosen for the most part to ignore the atom age, the self-operating elevator and in some cases the invention of the wheel.

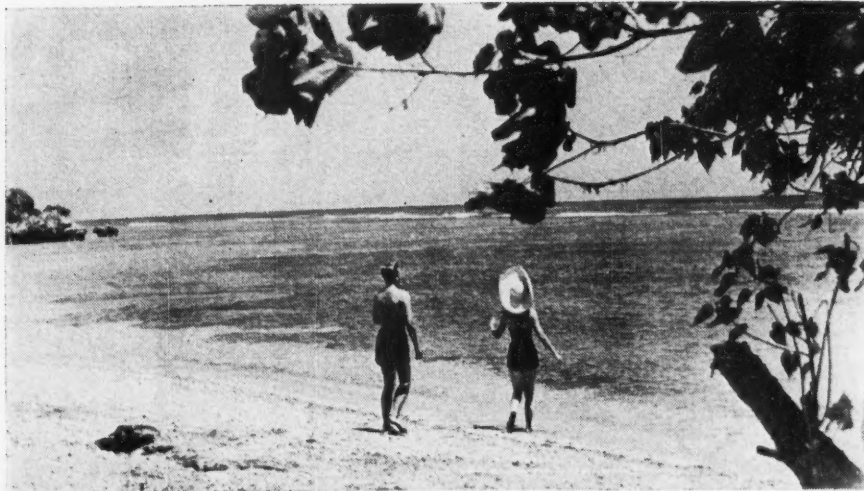
Haiti is ten thousand sun-baked miles

of the island of Hispaniola, the other part being occupied by Generalissimo Trujillo's well-manicured, lifeless dictatorship, the Dominican Republic. Most of its people are black and barefoot, scraping the crusted earth to stay alive and enjoy a simple, but proud existence. The women are the carriers of freight pacing erect down mountain paths with cargoes on their heads to market. They dance a ballet of work with loads of baskets, beads and bread. These \$20 a year peasants speak a language known as "Creole", a dialect of French, salted and peppered with Spanish and English and spiced with African.

There are, too, the magnificently beauti-

ful cafe-creme-colored elite who are the island's rulers and intellectuals. These gentle and musical people pride themselves on their color, their ability to speak fluent English and French, and they look to Paris and sometimes Montreal for the latest in styles, literature and cocktail talk. Men like Franck Magloire, publisher and owner of many things and the hospitable family Weiner have a strange society crusted on the hills that look down on the slums and the sea.

Since the Haitians have only fleetingly taken note of the calendar and the 20th Century, the process is two-way, and transport to the island is the most complicated in the Caribbean. Pan American



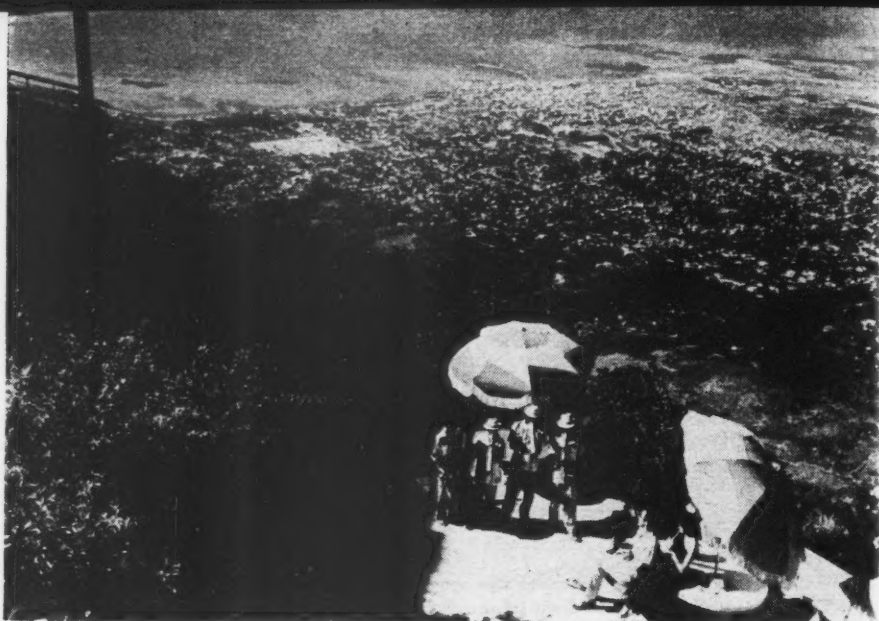
Haiti offers a wide range of diversions. Surf-bathing is most popular.

Colonial style houses in Cap Haitien with delicately fashioned wrought-iron balconies typify island homes.

flies there by way of the Dominican Republic at a cost of almost two hundred dollars return from New York. Hotels are not of the Miami, pink concrete and pineapple, variety. They tend to be smaller and friendlier. And none is directly on the beach. My own favorite is the pleasant Villa Creole in Petion-Ville on the outskirts of the capital, Port-au-Prince. Its rates in the summer run between \$12 and \$14 and go up to \$20 in the winter for a single room on the American plan.

Travel by car on the island is not difficult—it is simply impossible. Goats and donkeys travel the high road, skipping across pot holes and mountain turns, but the car can be used only in Port-au-Prince. The word Haiti itself means "high land" and this is no understatement, with four-fifths of the country mountainous.

To get to the country's number two city, Cap Haitien, you have to travel aboard the only means of transportation around, an airline run by the Haitian air force. Overlooking its harbor is the rubble of the palace of Pauline Bonaparte, sister



Mountain look-out provides breath-taking view of city of Port-au-Prince.

of Napoleon, whose husband once made the mistake of trying to hold on to Haiti for France. Then there's Jacmel, 60 miles south of Port-au-Prince, with wild, surging beaches, but also only available by plane.

But chances are you will spend any vacation time directly in Port-au-Prince. With a little bravery you can chance the Iron Market, a magnificent horror of smells and sounds. The blood of freshly killed chickens and the stench of glassy-eyed fish dying and drying in the sun are freely mixed with the cat calls and insults of housewives making a friendly deal. The jet black marketeers spit green tobacco juice with spirit to commit a transaction to permanence.

If you are wise you will stop in at the Centre d'Art to bargain for a primitive that makes Grandma Moses seem polished, or purchase a carving in the brashly beautiful woods of the island. Haitian artists have a power that could only come from this island carved from cliffs.

Canadians are allowed to take home \$100 duty-free in purchases. And Port-au-



Haiti's many souvenir shops offer fine examples of clever native handicrafts.

Prince is a free port with items such as English China, German cameras, Swedish crystalware and even Haitian handicraft at about half the home price. And under the mountain moon, on the purple hills you will want to try *rhum* Babancourt, the sweetest taste ever to be bullied out of sugar cane.

But perhaps most important [if you have an eye for history] you will want to sample Haiti with its belly ready to burst with the natural evolution and revolution of the Caribbean and Latin America. At a time when Castro and his bearded revolutionaries have set the imaginations of an excitable people aflame, there is a sense that the Haiti that has long slept and yawned a little at the passing parade will soon be gone.

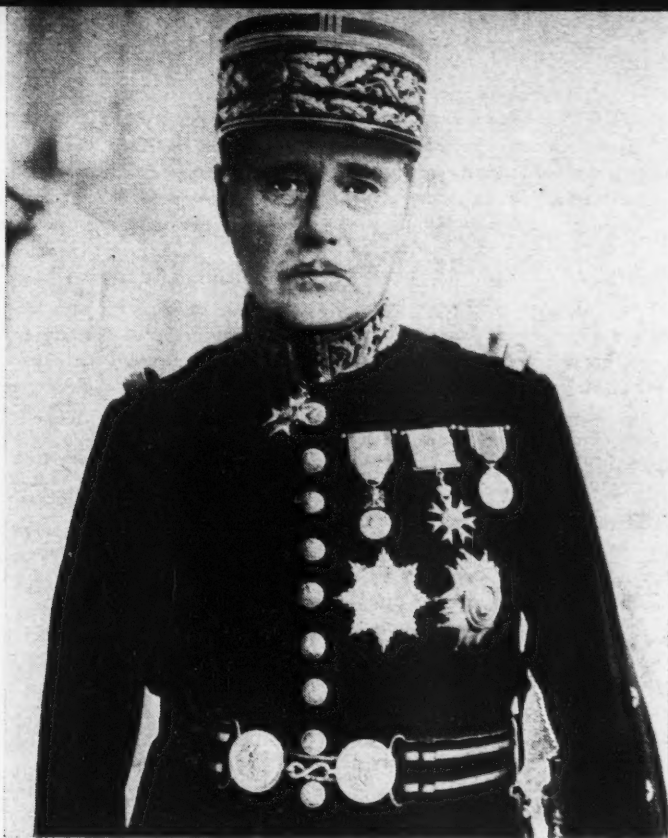
Caught in the tide of social revolution all around it, Haiti, the land that never changes, will soon be changed. And the voodoo drums that are part of the continued throb of a living past will be silenced, and progress, that great leveler, will make Haiti not quite the same but too similar, much too similar to any place else.

The beach of "Raymond-les-Bains" at Jacmel reflects tranquility of island.



Kenscott Mountains, one hour's drive from Port-au-Prince, is summer resort.





Typical of French high command was General Gamelin, reserved to the point of self-effacement, incapable of decision.

The Defeat of France's Dismal Generals

by John Gellner

TWENTY YEARS have passed since the free world was stunned by the shattering defeat which the Germans had inflicted on the French armed forces, until then reputed to be the best in the world. A few weeks later, after France had capitulated, there began to appear the excuses, the explanations, and the accusations, all aimed at justifying the unjustifiable.

There was talk of an efficient German "fifth column" (it never existed). The Right blamed the defeat on the Popular Front government which had nationalized the armament industry (yet the French forces were reasonably well equipped; at any rate, had the kind of armaments they had asked for). The Left blamed the "fascist generals" who had, they pretended, chosen capitulation in preference to another revolution like that of the "Commune" of 1871 (the French surrendered, in fact, when further resistance was utterly impossible). The self-appointed

military experts decried French reliance on the Maginot Line (which was the one part of the French military establishment which fulfilled all reasonable expectations).

Amid all these attempts at falsifying history, whether unintentional or deliberate, the one and only reason for the defeat of France in 1940 remained well hidden: the weakness of the brain which had directed the French military effort. It is a pity that this point has never been brought out sufficiently clearly (although some writers have tried, especially in France*), for the most important lesson which can be learned from the Battle of France is that, whatever the power of modern weapons, it is still the human intellect which wins wars.

The campaign of 1940, as fought by the Allies, provides the best examples of how the strongest military force can be reduced to impotence by a handful of narrow-minded, doctrinaire, time-serving, politicking men at the top. It also shows that it takes only one wrong military concept, stubbornly adhered to by those who conceived it and protected by them against those who would disprove it, to doom a great nation.

What made the French lose the campaign of 1940 was not their defensive attitude in the face of German dynamism, but the obstinacy with which they stuck to their military doctrine. Like most slogans, that about offence being the best defence bears some examination. In fact, to remain on the defensive in the West, within the framework of a methodically waged war of attrition, may well have been the best policy at the time. It required, of course, that the defence be made really effective—organized in depth, flexible, highly mobile—and that the time gained by it be used to build up the means (above all, powerful bomber forces) with which to slowly strangle Germany.

Neither of these conditions was met.

The French defensive system was "linear", a continuous narrow belt from the Swiss border to the Atlantic, something Napoleon I had once contemptuously called "good for stopping smuggling". There were too few reserves, both because the front line was so long, and because, for reasons best known to the French military planners, the strongest sector of the defensive line was over-crowded: apart from the permanent garrisons of the

Perhaps the best of the descriptions of the defeat of France, one which is both factual and easily digestible, is A. Gouttsios, "The Battle of France, 1940" (translation by A. R. P. Burgess; published in Canada by S. J. Reginald Saunders, \$5.50).

Maginot Line amounting to the equivalent of six or seven divisions, another 33 divisions of General Prételat's 2nd Army Group were massed along the fortress wall. A further weakness was that French troop movements, the lateral of the forward forces and the axial of the reserves, were dependent on the railways, which, though efficient, were obviously very vulnerable to air attack.

North of the Maginot Line, the Ardennes sector was thinly held by the 2nd Army (General Huntziger) and the 9th Army (General Corap). This was really a hole in the line, almost 100 miles wide. The two armies comprised 12 infantry divisions, but only four of them were regular formations. Of the remainder, one was composed of fortress troops and four were reserve divisions of the lowest category (Class "B").

It would have been fantastic to expect this weak screen, with only some cavalry in front, to stop the main German force which was massed against it: two armies with seven (of the ten German) panzer divisions, all five motorized divisions, and

officers had their doubts (De Gaulle was one of them)? Once it was decided that theoretically there was no danger, there just was none, and who said otherwise was a rebel against authority—and was soon silenced.

The men of Corap's and Huntziger's armies have been blamed for taking to their heels as soon as the panzers and the Stukas were upon them. No doubt a good many of them did. But better troops in a similar situation would not have achieved more, although they may have resisted a little longer. It was not the soldiers who were to blame for the breakthroughs at Sedan and Dinant but the generals who put them there, in insufficient numbers and with insufficient armaments.

All through the campaign, the rule book, written by the fossilized pedants in office, hampered the defence against the German onslaught. The dogma viewed operations as a kind of ceremonial dance. In it, the attacker had to go through three distinct figures, with a pause between each, called "approach", "contact", "engagement". Most appreciations of the situation made

As a consequence, top appointments go all too often to "safe" men who are seen, well-bemedalled, on ceremonial occasions, but not heard. In the Canadian Services, as undoubtedly in those of most other democratic countries, to have "embarrassed the Minister" is one of the worst sins an officer can commit. This again leads to the elimination from the leadership group of the "controversial figures", those who have strong ideas of their own and are inclined to question established policies.

In time of war, of course, those same "civilian masters" who in peace want to be surrounded by what De Gaulle (himself a rebel shunted onto a side-track before the Second World War) has contemptuously called "the stuffed dummies of the hierarchy", expect their generals to be paragons of all military virtues, mental giants as well as men of iron character. The downtrodden worms of peace-time are, as it were, to become suddenly dragons breathing fire.

The French military establishment of 1940 was led by the "safe" men whom the political system had brought to the fore. General Gamelin, a worthy officer, highly intelligent, but reserved to the point of self-effacement, and so cautious that he was virtually incapable of making decisions, was typical of them all—and he was the Commander-in-Chief. In peace an unobtrusive figure behind his Minister, he became in war a phantom in his Headquarters in Vincennes, a shadowy figure invested with immense powers that were never really exercised.

Seldom seen, he did not even want to see himself. Thus, when it was later put to him that he did not even have a wireless set at Vincennes, he shrugged: "At this level, what would we have done with a transmitter?" Lethargy, which expressed itself in bovine acceptance of well-worn official policies, spread from Gamelin to the other echelons of command.

And so the means of victory, which were available all the time, were thrown away. The Germans had neither quantitative nor qualitative superiority over the Allies in May 1940, except in aircraft and anti-aircraft artillery, and even there the discrepancy of force need not have been decisive. Fantastic figures of German tank strength were quoted after the campaign, and used to support the contention that the French were crushed under an irresistible avalanche of steel.

We know now that there were only 1,916 tanks in the ten German armored divisions, not counting the 523 "Panzer I's" which mounted only machine-guns and hardly deserved to be called tanks. Against them stood approximately 2,400 Allied tanks, of which the 410 French "Somuas" were superior to all German panzers except the 278 "Mark IVs", and



De Gaulle was one of few officers to recognize errors, was shunted aside.

23 infantry divisions. Numerically, the German superiority here was about three to one, in fire power closer to ten to one. Yet in and along the Maginot Line, 40 French divisions, immobile behind the strongest fortifications ever built, were facing 17 German reserve divisions of comparatively low quality.

An impossible position for Huntziger and Corap, but not one to worry the French High Command. For according to the rule book, the Germans could not possibly attack through the Ardennes. This was the doctrinaire view which had been given the stamp of approval by the sage himself, Europe's greatest soldier, Marshal Pétain. In 1934, he had ruled:

"The Ardennes forests . . . are impenetrable if certain dispositions are made. As this front would have no depth, the enemy *will not* deploy there . . . This sector, therefore, is not dangerous".

That settled it. What did it matter that as early as in 1928 Liddell Hart had called "a delusion" the belief that the Ardennes were impassable for motorized units? What did it matter that some French

in the first three days of the campaign by French commanders thus spoke of the time the Germans would need—"four to six days" was the average estimate—to consolidate their positions, bring up heavy artillery and ammunition, and prepare for the "engagement" phase. As things turned out, the battle was over in that span of time, and with that first battle, the war.

It pays even today to study the French military leadership of 20 years ago, because it was typical of similar groups which, unfortunately, are particularly apt to form in the Western democracies. They are the products of the difficult relationship between the elected representatives of the people and the salaried employees of the state. The former, who in the armed services are wryly called "our civilian masters", are traditionally suspicious of the military. The old fears of a military "coup", engineered by some general, have disappeared in most modern democracies, but not the politicians' doubts of the soldiers' political reliability and judgment.



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"As you can see, we're doing the job in two bites—one side of the road at a time. That way, one lane is always open for traffic. There's no tie-ups—no detour roads to build!

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the 325 French "B" tanks which were better than anything the Germans had. But the French armor was mostly dispersed in small groups and often misused for guarding bridges and crossroads, while the German was used in mass, as a gigantic battering ram.

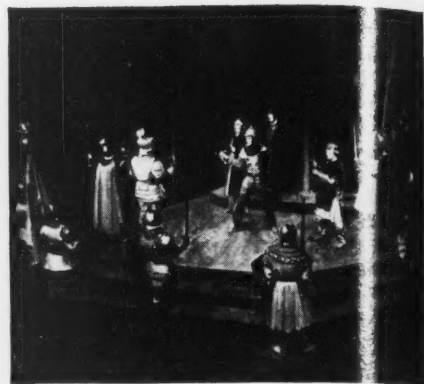
This concentration of German armored strength compensated for its over-all weakness. Even more decisive was the boldness with which the German tanks were handled. Thus the 7th Panzer Division, which accomplished one of the decisive breakthroughs, that at Dinant, had only 218 tanks, the majority of which were Czech "Type 35s" and "Type 38s", taken when Czechoslovakia was occupied in March, 1939, and approximately equivalent to the French light/medium Renaults and Hotchkisses. But its leader was the redoubtable Rommel, and under him, the 7th Panzers raced, in two great leaps, all the way to Normandy.

In numbers of men the two sides were about equal, at any rate at the beginning of the campaign, but the faulty deployment of the French forces and their comparative immobility gave to the Germans numerical superiority when and where they wanted to have it. Nor was the German soldier better than his counterpart on the Allied side. British, Belgians, French all fought well. The much calumniated French, for example, provided the rearguard at Dunkirk—we have heard a lot about British heroism, there, but not enough about what these 30,000 forlorn Frenchmen did to make possible the last, crucial stage of the embarkation.

The slogan with which the French entered the Second World War was: "We will win because we are the strongest". They could have won if in their military establishment the brain had matched the muscle. Had they won, the world would look different today, with the Western democracies well in the ascendancy, with Russia held at bay behind the "cordon sanitaire" formed by free countries in Eastern Europe, and perhaps not even a Red China.

It all depended on the few men at the top of the military hierarchies in democratic France and, less decisive, in democratic Britain. If anything should have been learned from the, disastrous to the world, Fall of France, it is that somehow a way must be found by which the best men can be brought into the government services of a democracy, and then allowed to rise to the top.

The armed services, in particular, should function in an environment in which highly intelligent, strong-minded, independently thinking men can develop freely. To make the peoples of the democracies realize this, is sufficient reason for bringing back the melancholy memories of what befell France, and with France the West, 20 years ago.



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Over the years, through its advertising abroad, The House of Seagram has continually told the people of other lands about our country and her many distinctively Canadian customs, achievements and products.

The House of Seagram has always believed that, in addition to promoting its own products in foreign markets, promoting the reputation abroad of *all* Canadian products and accomplishments is in the best interests of every Canadian.

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FRANKLIN ARBUCKLE, R.C.A., O.S.A.
Born in 1909, studied at the Ontario College of Art, Toronto. Elected Associate of the Royal Canadian Academy of Art in 1937, Member in 1945. Twice winner of the Jessie Dow Prize.



For reprints of this painting, suitable for framing, write: The House of Seagram, 1430 Peel St., Montreal, Quebec.

SATURDAY NIGHT

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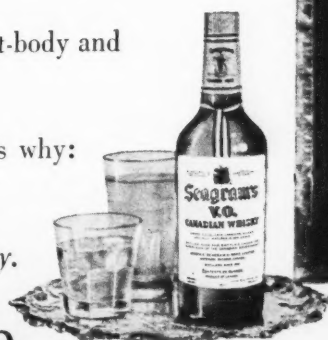
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Ottawa Letter

by Edwin Capps

The Postman Now Rings Twice

ONE OF THE MORE fascinating sideshows in Ottawa's Parliamentary circus is the constant jousting between Postmaster General William Hamilton and veteran Liberal M.P. Azelus Denis. The Postmaster General, a quick-tongued former advertising executive, represents Montreal's Notre Dame de Grace riding in the House of Commons while Mr. Denis, a suave, sly-humored lawyer, sits for the St. Denis district of the same city, a constituency he has represented continuously since 1935.

It is a dull, slow day indeed in the House of Commons when Liberal Denis does not make at least one try to pin his intra-city political rival with some barbed query about the state of the nation's postal service. No minor breakdown in mail delivery anywhere in the country, no petty pilfering from the remotest rural postoffice, no slight change can be made in the day-to-day postal operations across the land but watchdog Denis is on his feet during question period barking a demand for an explanation. The exchanges between the two Montrealers provide some of the lighter moments in the customarily dreary proceedings of the House. (Even Prime Minister Diefenbaker frequently breaks up with laughter at the phrasing of the Denis questions).

But the Hamilton-Denis duels do more than provide entertainment. Although his portfolio is one of the less glamorous shores in the Cabinet, there is no doubt that Postmaster General Hamilton is one of the hardest-working, most capable and most successful of the Diefenbaker ministers. His department, unlike too many others in the Diefenbaker ministry, has succeeded well in carrying out the election promises of better government made by the Tories and in correcting faults about which the present officeholders complained so loudly and often when they were in opposition. Some of the credit for the improvements in Canada's mail service must go to critic Denis. The doggedness with which he carries out his opposition function, constantly haunting the Tories with their past pledges and criticisms and nagging them for every failure and flaw, undoubtedly has helped goad Tory Hamilton and

his staff to extra effort and achievement.

The estimates (i.e. the annual report) of the Post Office as well as other government departments have been delayed this year by the sluggishness of the current Parliament which has thrown the entire sessional time-table far out of line. But Postmaster General Hamilton finally got his chance the other day, and jumped to it eagerly, to detail the past year's record of his department. "Never since Confederation", crowed Hamilton, "has it been possible for a Postmaster General to record in one annual report, as I will today, such a wide range of new developments and progress both internally and in service to the public."

Canada's postal service, with 11,270 post offices from Newfoundland to British Columbia, and some 50,000 employees, now handles nearly four billion pieces of mail per year. With a huckster's flair for superlatives, ex-adman Hamilton described the magnitude of the Post Office's task: "If those four billion pieces of mail produced in Canada were laid end to end, they would stretch to the moon and almost back again," he said. "If stacked

neatly in a pile they would tower as high as 500 Mount Everests."

The Post Office's main achievement in the past year, as outlined by Minister Hamilton, has been to handle this increasing work load with markedly greater efficiency and dispatch. Jet planes now airlift the mail across Canada in a fraction of the previous time; a letter posted in London, England, at 3 p.m. local time today is in Vancouver before midnight. The mail is distributed faster throughout the cities and suburbs because newly developed automatic sorting equipment processes it more speedily in the post offices while mailmobiles and postmen's delivery carts, newly added to the equipment during the past year, enable postmen to go farther and faster with bigger loads.

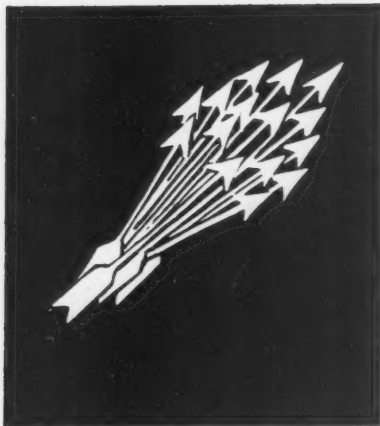
The volume of bothersome advertising matter cluttering up the mails and annoying average householders in recent years has been cut. Postmen have time now for important services. Special mail (e.g. registered letters, C.O.D. packages) is now personally delivered to apartment dwellers instead of being dumped with the janitor or returned to the post office. On parcel deliveries in Canada today, the postman really rings twice; if you're not at home the first time, he will call again and, if possible, spare you that time-consuming trip to the wicket downtown.

Even in stamp-vending, the Post Office has perked up its convenience. New machines are being installed across the country which will not only yield full value in stamps for the coin inserted (no more 8c worth for a dime) but will roll out the stamps without any bothersome tugging of levers and plungers.

"I guess this is the limit of automation," quipped Hamilton, "short of pro-



Postmaster General Hamilton with the best stamp issued in Commonwealth".

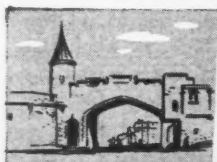


Unity

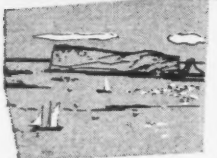
A bundle of arrows, symbol of the creative force of unity, could be an apt emblem for "Stand Fast"—"The War-Cry of the Clan Grant".

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viding the public with the coins to put in the machines, and we have no plans for doing that at the moment."

Its new stamp machines may not yield money but the Post Office itself is a more profitable enterprise for Canadian taxpayers than it has been in recent years. The department showed a cash surplus of \$1.7 million on operations during the 1959-60 fiscal year, compared with \$23,142 deficit in 1958-59. And of even more importance to the department than cash returns is the payoff in public goodwill. Despite the steady increase in its business, citizens' complaints about the Post Office's service have dropped off sharply during the two years that Bill Hamilton has been directing operations. The total number of complaints today is some 20,000 per year less than under the Liberal regime.

One highly-sensitive area where the volume of complaints has been greatly reduced is in the design of Canadian postage stamps. Canada's philatelists used to cringe over almost every new stamp issued in Ottawa and this country had the unenviable reputation in international philately of producing some of the world's worst designs.

Since taking office, Postmaster Hamilton, a philatelist himself, has taken keen personal interest in all the new stamp art, striving to improve it. All his efforts have not been successful; Canada's Country Women of the World stamp issued last year was a philatelic turkey ranking with the worst the Liberals ever produced. But Hamilton is making progress. Canada's stamp commemorating the 200th anniversary of the Plains of Abraham battle was selected by one authority as the best stamp issued in the British Commonwealth last year and one of the ten best designs produced anywhere.

The best tribute to Postmaster General Hamilton's and the Post Office's performance was the reaction to the report by Liberal Critic Denis. In his rebuttal, Denis nattered about minor complaints: too much money spent on Post Office travel expenses, on telegrams and telephone calls, and on advertising postal slogans like "Mail Early" and "Mail Often." Carped Denis: "Instead of gadding about, he (Hamilton) should write; let him heed his own publicity. Rather than use telephone or telegraph, I suggest that he write often and early."

But even Denis as much as admitted that substantial improvement had been made in Canadian postal service under the Tory administration. The admission came in a complaint about his old rival, Bill Hamilton, which was really a back-handed compliment to the Postmaster General. "In his report," said Denis, "the Postmaster General took credit for developments in his department. He should stop boasting at the expense of his own officials."

Books

by Arnold Edinborough

The Whirligig of War



Robert Graves: The attack failed.

HOW FAR OFF is a third World War? Not so far as we may think, when we can ask the question at all. For talking about a war brings it inevitably nearer. And there are enough people in the free world today who are drawing facile but dangerous comparisons with the world in the thirties. Are not the satellites and the partitioned states, they ask, the same kind of political dynamite as were the "new" states created by the Treaty of Versailles? Are we not depending, now as then, on an arms race to keep our factories in full production? Are we not seeing, in the total failure of the United Nations to cope with any of the larger issues, the same kind of precedential farce in world diplomacy as the League of Nations provided when Mussolini walked into Abyssinia? But before we talk ourselves into another war, before we let the generals of the Pentagon (and other NATO headquarters) convince us that "we might as well get it over with sooner as later", we should refresh our memories with what war is really like, for fifteen years can blur the harsh outlines and dull the horrors.

Ready to hand to help us do just this is a Penguin reprint of Robert Graves' *Goodbye To All That*, a First War autobiography which makes anything the Second War has produced look shallow in comparison. Originally written in 1929, *Goodbye To All That* is not just Graves' life in the trenches. It fills in the details of his service, and brings us down to his final departure from England ten years after the war had finished.

Before the war, he had been a school-boy at Charterhouse, one of the bigger and more celebrated of England's public (i.e. private) schools. He had hated its caste-system and Philistinism and had taken up boxing to keep his end up against the athletic types when they twitted him about his writing poetry. To show that poetry is not necessarily (or even usually) written by softies he had learned to climb under the guidance of George Mallory, a master at the school, who was later to perish on (or near) the summit of Mt. Everest.

He left school in July 1914 three weeks before war was declared and volunteered immediately on its outbreak. Since he was climbing in Wales at the time he found himself commissioned in the Royal Welch Fusiliers, a proud regiment commanded by stiff-necked and bone-headed regular officers who knew only about peacetime soldiering and nothing about the fearsome task at hand. Nor did they learn. In the trenches at Loos, with very dead corpses and very lively rats sharing the floor space, the officers were still punishing men for not having their buttons properly fastened at dawn stand-to. In the rest areas behind the lines, the junior officers were never spoken to in the mess and were daily made to take riding lessons.

This wanton imposition of cruel whim, this wilful infliction of mental anguish, they knew as discipline. As such it taught them and their men how to die. It did not, unfortunately, teach them how to fight a war and live.

The personal culmination of such stupidity and arrogance Graves describes powerfully from the original order group before the attack on La Bassée to the end of it (for him) when he goes back on a stretcher with shell-shock, a deep bullet wound in his groin, a smashed finger-bone, a lump of rock in his forehead (from a shattered marble head-stone) and with blood oozing from the place where a piece of shrapnel had "gone in two inches below the point of my right shoulder blade and come out through my chest two inches above my right nipple."

The attack was a complete failure: the

poison-gas squad had had the wrong size spanners with which to open the gas cylinders at the right time; the wind had changed and blown it back on their own troops when the cylinders had finally (and at the wrong time) been opened; the artillery had used so many shells on the pre-attack barrages that they did not have any left to cover the advance when the men went over the top; even the wire was not cut in front of the trenches where the attack was to be made so that the enemy mowed each successive battalion down, almost at their leisure, as the men hit the wire.

Graves had known what would happen because the Commanding General knew nothing of what he was asking his men to do, and the Army Commander did not know what he was asking any of his divisions to do.

For La Bassée read Passchendaele, Ypres, Vimy Ridge or the Somme. Or, in the Second War, read Knightsbridge with the 8th Army, Salerno with the 5th Army, Cassino with the New Zealand Corps, Ortona with the Canadian Corps or Arnhem with the 6th Airborne Division. The same pattern can be seen. No amount of individual bravery or unit courage can cover those (and other) bloody encounters with glory. They were brutal, savage, demoralizing negations of human dignity and human intelligence and we forget this at our deadly peril.

Graves eventually recovered the use of most of his broken body but his shattered nerves were still with him ten years after the attack. By the side of his wife he would wake in the night screaming with fear; as he wrote his poetry and novels during the day he would have cold sweats break out as some ghost of a memory floated in front of him. Though he does not say it explicitly, it was this nervous state which ultimately separated him from his wife, from his children and from his country. In 1929, the year this book first came out, he concluded it thus: "Nancy and I said unforgivable things to each other. We parted on May 6th, 1929. She, of course, insisted on keeping the children. So I went abroad, resolved never to make England my home again; which

CORBY'S EXTRA DRY LONDON DRY GIN ONE DRY DRYER

explains the *Goodbye To All That* of this title."

But the warriors had not finished with him. In a new epilogue written for this edition he continues: "Spent the Second World War in England, because three of my children had joined the Armed Forces—the fourth, Sam, being prevented by deafness from doing so . . . Jenny became a WAAF war-correspondent . . . nearly getting killed at Arnhem. Catherine, a WAAF radio-operator, married Squadron Leader Clifford Dalton, now engineer-in-chief to the Australian Atomic Energy Commission. David joined the First Royal Welch . . . He was killed on the Arakan peninsula in March 1943, after going up with a sergeant and one man to bomb the Japanese out of three strong points, which had held up the battalion's advance. They captured the first strong point, and when his companions were wounded, David rushed the second single-handed; but he was shot through the head trying to take a third. The War Office turned down his recommendation for a posthumous Victoria Cross on the ground that the attack had failed . . ."

As Robert Graves wrote this on Majorca a few months ago, he must have winced at the irony of his 1929 title. As we read it, we may wince too. Is it always going to be so damnably impossible for the world to say goodbye to all that?

Goodbye to All That, by Robert Graves
—Penguin Books—70 cents.

World Report

THE CHRISTIAN SCIENCE MONITOR is one of the world's great newspapers. Its editor has now made up a book from reports of its correspondents throughout the world, which purports to be "a chronicle of progress [and] . . . a trumpet call to freedom," by summarizing the available data on "the age into which mankind is moving."

It isn't quite that, but it imparts a sense of excitement in a series of impressionist sketches of facts and peoples. It thus dramatizes the rapid forward thrust of the undeveloped areas, and the problems of the old orthodoxies, often strained and sometimes broken by common sense and an empirical approach to social problems.

The book has its problems of style: one chapter starts with the following inscrutable sentence, quoted in its entirety: "Somewhere his name is Abdul." It seems to apply Positive Thinking on a world scale and contains such proofs of the superiority of the American way of life as the fact that Americans spend more time watching television than they do in gainful employment.

Yet, taken as a whole, the book gives



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its readers a lively and easily digested account of man in the space age, of his relation to his fellow man in a world whose lines of communication are rapidly shortening, and to some new spiritual problems which demand a positive response. J.N.M.

Man's Great Future, edited by Erwin D. Canham—Longman's, Green—\$4.50.

Voice of Nazidom

THE LATEST BIOGRAPHY of Doctor Goebbels is neither an eminent historical nor a distinguished literary work. The writing is awkward in spots—one may suspect that Heinrich Fraenkel, who comes from Germany, contributed most of the text. Yet the book makes fascinating, and highly instructive, reading. To those who have been close to the drama which unfolded itself in the fateful decade, 1923 to 1933, it brings back the old chill along the spine. To all it shows in the starkest colors the terrible havoc which an evil genius can wreak in the world.

For Doctor Goebbels undoubtedly was both a man of genius and evil (if this term is at all applicable in politics), evil because he was inordinately ambitious and power-hungry, utterly unscrupulous, monstrously unfeeling. The common picture of a Nazi is that of a bully in ostentatious uniform. One forgets too easily that the force which created the Third Reich and brought it close (at any rate, too close for our comfort) to world domination emanated from such as the neurotic, physically cowardly Hitler, and, second only to him, from the undersized, limping weasel, Goebbels. These two built an edifice of power in which the "strong men" were only puppets. There is a lesson in this, somewhere.

The authors are at their best when they present Goebbels' life and achievements before the assumption of power by the Nazis. They paint an excellent picture of the shabby little intellectual who felt that he was superior to his environment and chosen by Providence for great things, but that he was being held back by poverty, and by what he thought to be the stupidity of people incapable of recognizing genius. Cannily, shrilly, he fought his way to the top, in the wake of a man who had gone through a similar development a few years earlier, and thus had preempted the highest spot (ironically, Goebbels reached the pinnacle, the chancellorship of the Third Reich, just in its dying hours).

One would like to forget those loathesome Nazis. But then again, perhaps one should keep on reading about them, and wonder, and learn. J.G.

Doctor Goebbels, by Roger Manvell and Heinrich Fraenkel—British Book Service—\$7.

Medicine

by Claire Halliday

Growing Feet and Growing Minds

Children should wear new shoes to school.

Shoes are designed to allow for 4 to 6 months' unrestricted growth. Children should therefore wear new shoes for only that length of time. Usually, however, they are worn for a year or more—4 months "for nice", 4 months for school, and 4 months to play around in. Wearing shoes over too long a period cramps the growing feet, causing corns, calluses, hammer toes and deformed joints.

Malignant melanoma, a type of cancer thought incurable prior to 1940, is being operated upon with apparent success. Of 126 cases, almost half of those reporting early for operation have survived for five years. Thirteen per cent of those coming late for operation have survived for five years, according to an article in *Annals of Surgery* 150: 989, 1959.

Iron tablets colored green have caused gastric disturbance in from 30 to 50 per cent of pregnant women, according to an editorial in the *Brit. Med. J.* of October 24. When taken in white tablets, the same amount of ferrous sulfate caused nausea in only 5.5 per cent of 179 patients.

A barrier cream called kerodex protects the skin of patients who suffer from leakage of urine or irritating discharge from a colostomy or other surgical opening. Applied in a thick coating and allowed to dry completely, the barrier cream relieves pain and burning for three or four hours. An abstract of the article appears in the January issue of *Geriatrics*.

The traveller's medicine kit for anyone going abroad should include an anti-motion-sickness drug, adhesive tape wound round a match, iodine, analgesic pills for pain, multiple vitamin tablets, sleeping tablets, a preparation for stomach or intestinal upset, and an antihistamine for the allergy-prone. Some doctors recommend a particular antibiotic in oral form. A wad of lamb's wool to pad a blistered heel may save the day. A foreign-bought thermometer will show the degrees in Centigrade. To change to Fahrenheit, multiply by 9/5 and add 32. If fever does not abate promptly, go to the largest

hospital or medical school in the vicinity. Also check your sickness insurance policy before leaving, to see if you are covered in a foreign country.

Razor dust in the eyes: Fragments of dry skin and hair from the head of an electric razor is frequently blown from the shaving head directly into the eyes and nose. An eye specialist believes this dust causes inflammation of the eyes and conjunctivitis. (Fragments of dandruff lodging in the eyes can cause both these conditions.) Since a man shaves every day, there is also a probability of a cumulative effect of hair dust in the lungs.

Rabies returns to Canada: In a 12-month period, 2500 cases of rabies were reported among animals in Canada. These included foxes, dogs, cats, bats, skunks, sheep, cattle and horses. A 7-year-old boy died of rabies six weeks after having been bitten by a skunk which escaped into the woods. (*Canad. Med. A. J.*, Feb. 6) Any naturally timid animal that suddenly turns ferocious should be captured for examination. No animal that has bitten should be allowed to escape or to be killed; it should be captured and examined so that the bitten person or animal may be given rabies vaccine if the attacker is found to be infected.

Stretched skin or striae in pregnancy was reduced in women who kept their intake of vitamin C high. Dr. McCormick, reporting in *L'Union Méd. du Canada*, believes that ascorbic acid acts as an "internal cosmetic" to combat the premature loss of tissue elasticity. However, another suggestion (*Lancet* of Sept. 29) is that the streaks are caused by hyperactivity of the adrenal cortex during pregnancy.

Instead of whole blood, seaweed chemical from brown algae, plus water, has been used successfully in 102 transfusions required in abdominal operations. It is also being used to prevent shock after severe burns. Discovered by two Japanese physicians, this substitute for blood is described in the December issue of the *Journal of the International College of Surgeons*.

Chess

by D. M. LeDain

NORMAN MACLEOD, Quebec City, the Canadian prodigy of his day, won the national title in 1888 at the age of 16. An invitation the next year to the international at New York saw him finish last, but his clever win from J. H. Blackburne, British grandmaster, indicated his potential. However, he soon moved to the American mid-west and little more was heard of him.

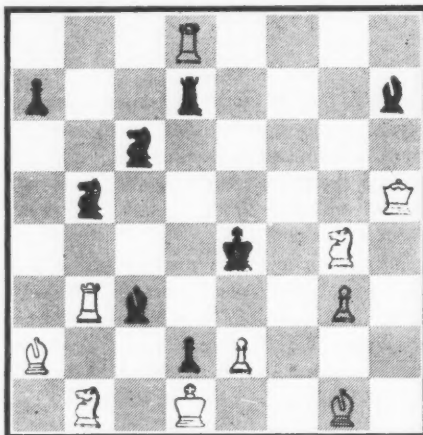
White: J. H. Blackburne, Black: N. W. MacLeod.

1.P-K4, P-K4; 2.P-Q4, PxP; 3.P-QB3, PxP; 4.B-QB4, Kt-KB3; 5.Kt-KB3, PxP; 6.BxP, B-Kt5ch; 7.QKt-Q2, P-Q3; 8. Castles, B-Kt5; 9.Q-Kt3, P-Q4!; 10.PxP, KBxQKt; 11.B-R3, BxKt; 12.PxB, Kt-Kt1; 13.KR-K1ch, BxR; 14.RxBch, Kt-K2; 15. B-Kt5ch, Kt-Q2; 16.K-R1, Castles; 17. RxKt, Kt-Kt3; 18.R-K5, Q-B3!; 19.Q-K3, KR-B1; 20.B-Kt2, KtxP; 21.Q-K4, Q-KKt3!; 22.Q-Q4, R-Q1; 23.B-Q3, Kt-B5!; 24.QxKt, RxB; 25.R-KKt5, RxP!; 26.Q-K5,

P-KB3!; 27.Q-Q5ch, Q-B2; 28.RxPch. KxR; 29.QxR, R-K1 with winning advantage.

Solution of No. 246, (Fleck).
Key, 1.B-B7.

Problem No. 247, by C. Gaulin, Quebec (3rd prize, Vth McWilliam Ty., 1957).
White mates in two moves. (10 + 8)



A Piece of Our Minds

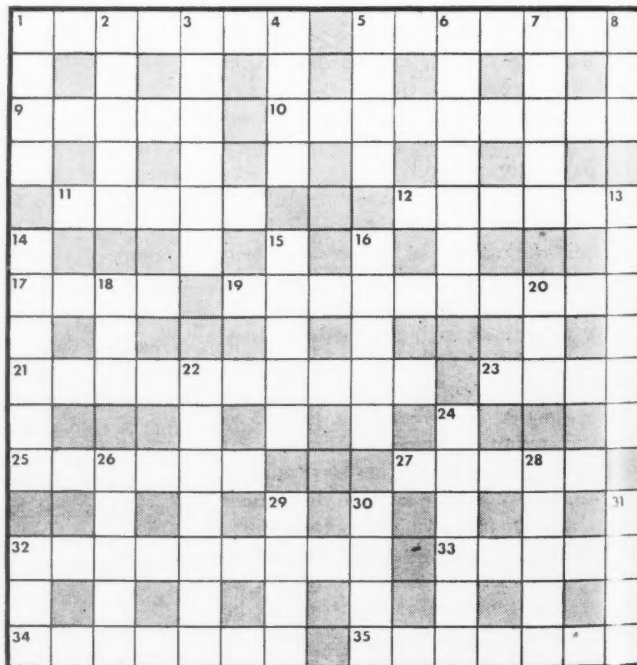
by Louis and Dorothy Crerar

ACROSS

- 1 The bird that bit another? (7)
- 5 Or is it just a habit acquired by a Q.C.? (7)
- 9 We ask but don't expect a straight answer. (5)
- 10, 33. But it is not only travelling orchestras that go on these. (9,5)
- 11 Probably the burglar made it when the guard, as it were, lost his head (5)
- 12 Part of the Milky Way? (6)
- 17 The eye of a peddler? (might be a private one!) (4)
- 19 Suggestive of a deaf ear? (10)
- 21 A picture that will give you two foods for thought. It 14 Mrs. Grundy! (10)
- 23 But a 30's-apple was not what he aimed at, we inform you. (4)
- 25 Does the hostess provide it to butter-up her guests? (6)
- 27 Are they destroyed by lights-o'-love? On the contrary! (5)
- 32 We are told of the danger of haphazard education. (9)
- 33 See 10
- 34 No stamp can be upsetting for him, no doubt. (7)
- 35 Our damn kin! (7)

DOWN

- 1 Generation that takes a pounding from the police? (4)
- 2 1A will be anything but sweet if you off. (5)
- 3 The last one gave up when he wed the wrong way to start with. (6)
- 4 The Chinese she left in confusion. (4)
- 5 Not the stenographer's hand. (4)
- 6 To be so excited doesn't necessarily mean you're going to run. (5,2)
- 7 How to solve a knotty problem? (5)
- 8 Teddy-boys' leader? (3)
- 13 "Tread, because you tread on my dreams". (Yeats) (6)
- 14 See 21. (6)
- 15 Keep in it to keep your friends. (5)
- 16 If she's naked she'd better not appear. (5)
- 18 When we have nothing inside --- (3)
- 20 --- turn to this to get credit. (3)
- 22 It's a must I'd consider for the football game. (7)
- 24 You must get on to this material to understand it. (6)
- 26 No doubt some 33 can turn into these if not well 10. (5)
- 28 She comes round twenty-four times a day I take it. (5)
- 29 A negative author. (4)
- 30 See 23. (4)
- 31 Said "no!" with little reference to this. (4)
- 32 This size will upset one even if it does fit the head. (3)



Solution to last puzzle

- | | | |
|--------------|--------------|-------------------|
| ACROSS | 23 Rarebit | 5 Uppish |
| 1 Fat-head | 25 Allot | 6 Sub rosa |
| 5 Unsound | 26 Exemplary | 7 Underfoot |
| 9 Buttercup | 28 Shyness | 8 Day in, day out |
| 10 Badly | 29 Sadness | 11 Battle scars |
| 11 Barrier | | 14 Literally |
| 12 Sporrán | | 16 Fearless |
| 13 Toll-gate | DOWN | 18 Seattle |
| 15 Payola | 1 Fib | 20 Corn pad |
| 17 Latest | 2 Tutor | 21 Others |
| 19 Mercutio | 3 Evening | 24 Brave |
| 22 Servant | 4 Decorate | 27 Yes (496) |

Puzzler

by J. A. H. Hunter

"WHAT A MESS!" exclaimed Ann, seeing the litter of tiles and dirt all over their scanty bit of lawn. "What's the big idea?"

Bill laughed, wiping his filthy hands on his jeans. "Those three equal squares of tiles we had looked silly, so I ripped them up and we'll have one big square patch instead. Easier, too, for cutting the grass."

His wife shook her head. "If any grass ever grows after this." She picked up a piece of tile. "Look, you've broken one."

"Yes, I know." Bill nodded. "It's okay, though, as the old arrangement used just three tiles more than I'll need now."

"Well, you've taken on a job," Ann told him, turning to leave. "Must be three or four thousand tiles altogether."

"Plenty, for sure," chuckled Bill. "But not quite as many as that."

The tiles were all square, and all the same size. How many did he intend to use? (129)

Answer on Page 44.

Films

by Mary Lowrey Ross

All Aboard for a Jolting Stop

IN MORE THAN half a century of experimentation, movie-makers have worked out hundreds of devices for making a picture move. *The Great Train Robbery* laid down the original principle and the experimenters have been busy ever since devising new ways of "transporting" their audiences and setting their imagination in motion with the motion of the screen. Meanwhile, we sit in patient rows, waiting for the miracle to happen; waiting, as the saying is, to be taken out of ourselves.

Well, the miracle happens in *Conspiracy of Hearts* and happens on such a scale that before it is over the audience is swept almost beyond the bounds of decent self-recovery. After a slow but impressive opening — the setting is Florence just before the Italian collapse in World War II — the story gathers speed and holds it relentlessly till the last possible instant; reserving, for that last possible instant, the most heart-stopping jolt of the whole film.

The story, we are told, is based on an actual incident; and while it is difficult to believe any incident so scrupulously shaped to film-adaptation could emerge from the chaos of World War II, this isn't the sort of reservation you are likely to make while the film is in progress. For the story itself is a sort of emotional cyclone with the observer sitting precariously at its dead centre.

The narrative has to do with the fate of a procession of Jewish children despatched to Italy after the liquidation of their families in Germany. In Italy a group of nuns has been working with the partisans, busily smuggling the children by underground tunnel from concentration camp to convent crypt, and thence to waiting friends in Palestine. However, the good sisters overdo their work of mercy and presently a Wehrmacht captain (Albert Lieven) arrives to investigate the escapes. The struggle then develops into a battle between Good and Evil, on terms that are sometimes as heartshaking as the story of Anne Frank, sometimes as jaunty as Alfred Hitchcock.

The children in this picture are wonderful. Director Ralph Thomas has contrived to create out of this huddled and ragged little group an overwhelming sense of the desolation of uprooted childhood. While he has given his young actors very little dialogue he has loaded their occasional lines with appalling significance. ("What is your name?" a nun asks a child, who stares back at her with the vindictive eyes of a small hunted animal and murmurs "Jew Dog".) The adult players, headed by Lilli Palmer as the convent's Mother Superior, give competent but familiar performances. It is the children who provide *Conspiracy of Hearts* with its frightening sense of reality,



Rebecca Dignam and Sylvia Syms.

even at the height of the film's electrifying theatricalities.

If *Conspiracy of Hearts* is all forward-rocking motion, *The Fugitive Kind* is a film that wanders, shunts and occasionally comes to almost a full stop. Even the melodramatic climax provides little more than the illusion of movement you get when sitting in a stalled passenger car while a flyer goes by.

The film is based on the Tennessee Williams' play *Orpheus Descending*, and is a modern re-working of the legend, with Marlon Brando as Orpheus and Anna Magnani as his Eurydice. The hero, a night-club guitarist, wanders into a small Mississippi town which appropriately symbolizes Hell. The damned include a vicious store-keeper dying of cancer (Victor Jory), his embittered wife, (Anna Magnani), a sadistic sheriff (R. G. Armstrong), an eldritch nymphomaniac (Joanne Woodward), and assorted lesser demons.

Orpheus takes a job as store-keeper's assistant, and presently is deeply involved, through love and pity, with the store-keeper's wife. Naturally his attempts to rescue his Eurydice are doomed and in the end while the bells of Hell go ting-a-ling-a-ling, the wife is murdered by her husband and the hero is plunged into the flames that finally engulf the set.

Through the blurrings and divagations of the story the splendid curve of the legend still emerges in moments that catch the poetry of Tennessee Williams' intentions. "His conversation is peculiar" someone notes in a dubious letter of recommendation that the hero produces early in the story. His conversation is indeed peculiar but it has a kind of poignant folk-lyricism and Marlon Brando gives it full value in the curious mumble that still conveys a full and articulate intensity. It is hard to imagine any other screen-actor who could have rescued *The Fugitive Kind* from the shambles into which the author and adapter have plunged the original legend.



"The Fugitive Kind": Marlon Brando, Anna Magnani, Joanne Woodward.

Education

by Jack Hutton

Keep the Conference on the Track

THE NEXT CANADIAN CONFERENCE on Education, a return engagement of the one which met in Ottawa in February 1958, will convene in Toronto in February 1962. One of the few things that is as yet certain about it is that it will be bigger than its predecessor. This can be seen from the fact that there are now no less than 54 sponsoring agencies and that at the recent meeting of the national committee it was agreed to have eight major areas of general study from which to draw the content of the conference (The areas are: aims of education in a free society; professional status of teachers; development of student potential; financing education; continuing education; research in education; lay leadership in education; new developments in Canadian society which will affect education).

Laudable as these decisions may be, they may lead to serious dangers in the conference itself—dangers which I saw realized at the White House Conference on Children and Youth held in Washington some weeks ago.

The 1960 White House Conference, called by President Eisenhower, was a splendid example of a giant grassroots conference drawing together a very large number of dissimilar groups. Between five and six million Americans co-operated for two years to prepare it.

For one week 7,000 delegates, each chosen by one of 600 national organizations, 34 federal agencies, or a governor-appointed state committee, discussed the entire field of child development. At the end of the week they had well over 1,400 conflicting resolutions dealing with everything from desegregation to sex education.

As a result, few of the delegates, meeting in 210 simultaneous workshops, had any real idea of what the conference was attempting as a whole. That apparently included President Eisenhower who mentioned only one issue—juvenile delinquency—in a three-page "keynote address."

What happens in a situation like this? The minority with the clearest idea of its aims eventually dominates the conference proceedings.

And what group felt most strongly about its youth during 1960? The colored group. I watched with interest as it carefully planned support for resolutions on desegregation during the week. They had no doubt about the most important issue of the next decade: desegregation.

What lesson does this hold for us? Unless the Canadian Conference sets a general theme on which the majority of its delegates are prepared to argue intelligently, the strongest minority will take over. Since separate school parents and trustees, who feel they have genuine grievances in parts of Canada, will be represented for the first time on a national basis at the 1962 Conference, will they turn out to be the dominating minority?

Again, White House delegates heard their final speaker admit on the last day that it was impossible to decide immediately what had been accomplished. What else could she say? No one has yet decided what the 1960 conference accomplished (or the 1950 and 1940 ones, for that matter).

But has anyone yet attempted a full list of the 1958 Canadian Conference's achievements? Has there been any action on any



Kurt Swinton: No head bumping.

of its resolutions? Can there be, if education is a provincial matter? Is it not just a debating forum?

If it is just a debating society let it keep its theme simple. At the White House conference such topics as the provision of more bicycle paths and the dangers of steady dating were aired. Shall we face such a *melange* in 1962?

But the real danger of the 1962 Canadian Conference, as was proved by the 1958 conference, is that the people who will be discussing these things are not always the people most closely connected with education. The absence of any great number of teachers in Ottawa in 1958 was most noticeable. There is also a certain coolness on the part of teachers to serve on the continuing committees.

This is natural when the conference seeks to get mere publicity for education. Can any teacher take a conference seriously which has agreed (with one lone but vocal dissenter, Robin Harris of the University of Toronto) to designate 1962 as Education Year Canada? He sees only the interruptions to classes which the kind of projects associated with a special "year" will bring. He sees also the amount of ill-informed speeches which will be given or the calls on his time to make the well-informed ones.

Education is the job of the teaching profession. But through some inverted sense of values, we assign more prestige at our education conferences to non-educators or "educationalists", often unhampered by too close or recent contact with children.

So let us keep stress where it belongs—on the teaching profession. Business can perform a useful public relations function for education, but let it never dictate the goals of our education system.

To keep the 1962 Canadian Conference on the right track its chairman, Kurt Swinton, should have the remark made by a Washington Star correspondent about the White House conference framed and hung in his office:

"I believe that an adult is never taller than when he bends to help a child. But when 7,000 people try bending at the same time, they bump heads."



1958 Conference: A certain coolness on the part of teachers.

Theatre

by Marion Smith

What Is the Role of the DDF?

ALL, ALL WERE THERE, the old familiar faces, in the enthusiastic audience which packed the Queen Elizabeth Theatre, Vancouver, last month to hear the final adjudication and award announcements of Phillip Hope-Wallace at the 1960 Dominion Drama Festival.

It had been a good week this D.D.F. final Festival in which eight plays had been presented ranging from *Amphitryon* 38 (presented by the Halifax Radio Repertory Theatre) through *Douze Hommes En Colere* by the University of Sudbury to Pirandello's *Six Characters in Search of an Author* by the London Little Theatre.

There had been difficulties: the vast stage of the Queen Elizabeth Theatre had nearly wrecked some of the productions although the Vancouver Little Theatre had overcome it in *A View From the Bridge* and the University Alumnae Dramatic Club of Toronto had with *The Killdeer*. But none of these amateur companies could counteract the acoustical and visual peculiarities of an auditorium in which only "The Ride of the Valkyrie" or possibly the "Victory March" in *Othello* could be produced with any effect of immediacy. No doubt the Vancouver city fathers got what they wanted—a convention hall capable of seating a world convention of The Order of the Mystic Shrine but why they continue to refer to it as a theatre baffles me.

On the opening night Mr. Hope-Wallace, the adjudicator, said that the sound was "O.K. in Row K" but when he asked if the rest of the audience had experienced any difficulty in hearing, he received a rising chorus of "yes" from the back two-thirds of the house. I sat at the back for *The Killdeer* and, though the projection was adjudged by Mr. Hope-Wallace "excellent", my closest attention could not prevent several lines from being blurred or lost.

The difficulties were not all, however, in the locale. *Ballad On An Overseas Theme* by Frederick Spoerley had a passable production with one or two good performances, but it was a dreadful play. *The Killdeer*, another Canadian original by James Reaney, was a tragi-comical, satirical, pastoral melodrama which reduced both audience and adjudicator to a state of utter (albeit excited) con-

fusion. As Mr. Hope-Wallace said, taken ten minutes at a time *The Killdeer* was wonderful, but taken together the play failed to coalesce into any recognizable shape and to move into any ascertainably purposeful direction.

Said Mr. Hope-Wallace: "It starts superbly, providing the best laughs and in all the most enjoyable first act of the Festival so far (it was the fourth production) but it goes off badly in the second



His Excellency, Peter Dearing, award.

act and ends up as a 'sell'. It is as if Desdemona were to sit up at the end of *Othello* and chortle 'Ha, I was not smothered after all'."

The adjudicator showed this same sense of humor all through the week and I can honestly say it is the first time I have liked an adjudicator of any Festival of any kind. I also agreed with him in most of what he said—even when he gave the top award to the London Little Theatre for *Six Characters In Search Of An Author* just the night after he had panned it as "Twenty Good Actors in Search of Tony Guthrie".

But the difficulties of the theatre, the brightness of Mr. Hope-Wallace and the evident social success of the Festival still left me asking some pertinent questions. For one thing, where were the young people? Except for those who had taken part in the various performances, the total representation of the under twenty-five age group might have been accommodated with ease (even on the last packed night)

in the Royal Box. The theatre surely cannot live by mink alone.

In other words, what is the real purpose of the Dominion Drama Festival?

Is it to create and nurture a vigorous theatrical tradition among the Canadian people as a whole? Is it to encourage existing theatrical groups to attain a professional standard? Or is the Festival perhaps trying to achieve both aims by methods which are ineffective for either purpose? The regional and zone festivals are obviously structured so as to give competing groups an equal chance of reaching the finals, but the unevenness of this year's offerings in Vancouver suggests that the system does not necessarily result in the best performances reaching the finals.

Three groups — the London Little Theatre, the Vancouver Little Theatre, and the University Alumnae Dramatic Club of Toronto — displayed a polish and competence of a standard of which no professional group need feel ashamed. The Atlas Theatre Group of Montreal came within hailing distance of it in spite of the difficulties presented by its choice of vehicle. The others fell far short, though individual actors turned in some excellent performances, as did Medicine Hat's June Ferguson as Lola in *Come Back, Little Sheba*.

For decades what live theatre Canada had was kept alive by university dramatic societies, yet the only undergraduate theatrical group to appear in the finals was that of L'Université de Sudbury, a very recent foundation. Does that mean that this is the best university dramatic group in Canada or that Sudbury happens to be situated in a region in which competition for dramatic honors is not likely to be keen? If we are seriously concerned about building a Canadian theatre should there not be a separate category for university drama groups, and perhaps even for high-school groups?

The awards established for the laudable purpose of encouraging Canadians to write for the theatre also produce some strange anomalies. In this year's festival finals, for example, the University of Toronto Alumnae Dramatic Club's production of *The Killdeer*, though adjudged neither the best nor the second-best production, won a greater number of awards than any other. About three of these—those for the best set, the best direction and for the best supporting actress (Virginia MacLeod)—no question of equity arises.

But how valid are the awards for the best Canadian play and for the best presentation of a Canadian play when there are only two such plays represented in the finals and the adjudicator considers them both to be unsatisfactory?

The Festival must make up its mind whether it is interested in patriotism or performance. Taken together, they make the Festival somewhat odd.

London Letter

by Beverley Nichols

Fresher Fish and Crisper Chips

MORE AND MORE the London scene is becoming dominated by 50 year old restaurateur Charles Forte, a dynamic little wisp of a man who can look out of the window of his office, high up above Regent Street, and congratulate himself on being monarch of a great deal of the scene he surveys.

A hundred yards to the South, beyond the Eros Statue, looms the Criterion, with its lofty ceiling of semi-precious jewels. Charles Forte's. Next door to that is the White Bear Inn. Charles Forte's. All the way down the street towards Leicester Square there are Forte Cafes in various shapes and guises, catering for every class of the community . . . there are "Quality Inns", "Grills and Griddles", milk bars, coffee bars, and just plain "Forte" tea shops.

He owns the exotic Hungaria restaurant and the solid, respectable Waldorf Hotel. He owns "The Talk of the Town", a huge, noisy, pleasantly vulgar dinner-cum-cabaret concern, where provincials can have a night out, under the firm but slightly mistaken impression that Paris has come to London. (In case this impression should become too vivid Mr. Forte adds hints on the menu. Thus *Le Homard Mornay* is tactfully translated, in brackets, as *Lobster Saute in Shell*).

He does all the catering for London Airport. In view of its immensity . . . and the temperamental vagaries of the British climate, which may empty it or fill it in the space of a couple of hours . . . this should be headache enough in itself. He has just secured the contract for building the only restaurant on M1, the new arterial road that slashes its way to the North. Into his capacious cap has lately fallen the entire chain of Fuller's tea shops, which are scattered all over Britain. (They made their reputation on a delicious variety of walnut cake, which proclaimed itself, in every bite, as the sort of cake that grandma used to bake).

He owns solid Masonic temples, glittering grill-rooms, chromium-plated Americanized joints where Brooklyn Bacon-burgers jostle continental doughnuts. He owns, in fact, by far the biggest private catering business in Britain. Only Lyons, a public company whose shares can be bought, exceeds it in turnover.

Does all this mean that we are going to witness a revolution in British cater-

ing habits? Does it mean that all our menus will bear the imprint of one man's gastronomic personality? It means nothing of the sort. Mr. Forte's motto is "Give the British public the same food they've always been used to, only better." Which, by and large, is what he does. There is no attempt to lure the Englishman away from his fish and chips, but the fish is just a little bit fresher and the chips are just a little bit crisper.

And yet Mr. Forte is expanding so rapidly—one of his ambitions is to turn the exquisite Regency Pavilion at Brighton into a casino—that there is no knowing where he will end. He has an artist's enthusiasm for his work, and in his private life he suggests the impresario rather than the tycoon. Although he could have greatly increased the profits of the Café Royal by gutting the interior he was adamant that the old uneconomic structure should remain unchanged, with its fabulously ornate decor of gold and glass.

Even his arrivals at his office are unorthodox, for he has a habit of delaying his departure from home until the last minute, in order that he may commune with the roses in his Hampstead garden. All of which is somewhat disconcerting for his chauffeur Robert, who was previously employed at Buckingham Palace, where expeditions are conducted with more decorum.

To sum up, a most endearing little man. An ardent Catholic, with a large and intelligent family, a most scrupulous financier with a marked aversion to all the skulduggery surrounding take-over bids,

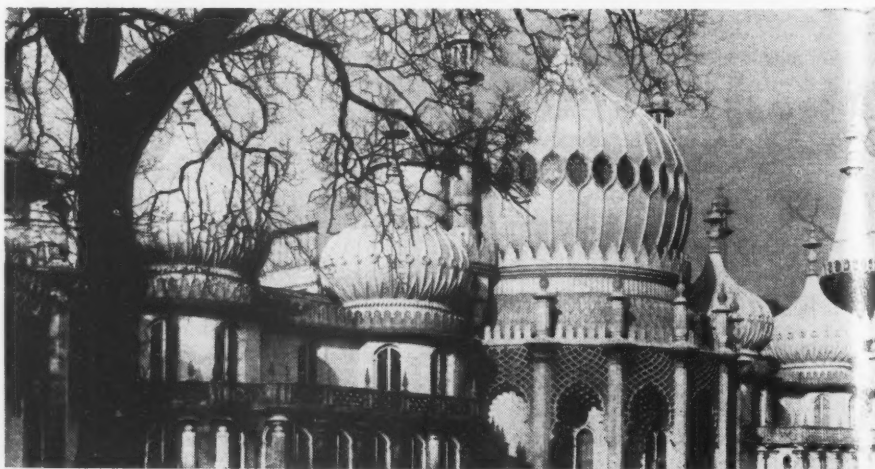
a man of educated taste with a respect for tradition. And if one may be allowed to use an unfashionable word, a gentleman. London might go much further and fare much worse than to eat at his tens of thousands of tables.

The Chelsea Flower Show broke all records for attendance, causing worse traffic jams than any at Princess Margaret's wedding. It also broke all records for sheer enterprise and horticultural genius. However conservative we may be in some respects we are revolutionaries in the garden, and if you want to know what the gardens of the future will look like, you must come to Britain. One thing that struck me, as I joined the crowds in the vast marquees, was the astonishing range of new colors . . . *really new* . . . which British growers have developed in some of our favorite flowers.

For example, there was a new rose called "Sherry" which could hardly be better named; if you held up a glass of dark sherry to the light you would get precisely the color of its petals. Not everybody's cup of tea, but disturbingly beautiful. And another rose called "Sterling Silver" which is the nearest realization of the poet's dream of a silver rose, lavender-white with a metallic sheen.

One felt that the nurserymen had joined hands with the couturiers, ordaining new shades for the forthcoming season. Some of the new pelargoniums had been dressed in sheer black, while the border carnations had been rigged out in slate colored silk. Canadians stole the show as far as lilacs were concerned . . . the Canadian hybrids, in their charming shades of pink and rose, drew some of the biggest crowds. But the loveliest feature of the show had no color at all . . . it was an exhibit by a woman grocer, composed of plants with white and silver leaves, so dazzling that you felt they would be luminous in the dark.

In case there are any gardening enthusiasts among my readers let me ask them to make a note of *cineraria maritima*, variety *Rampart*, which looks as though it were glistening with ice and



Brighton's Regency Pavilion: Mr. Forte wants a casino.



Oscar Wilde: With a green carnation.

catching the rays of a full moon. It is quite hardy in Britain, but in Canada you might have to lift it in the Autumn.

We are getting rather bored with Oscar Wilde, whose name is on everybody's lips. You can hardly open a paper without seeing a photograph of him, with or without Lord Alfred Douglas, and the surest passport to success at a dinner party is to tell a new Wilde story, which one can always say one heard from one's grandmother. As it happens, I *did* once hear a Wilde story from my grandmother. She was a formidable old lady who lived in Yorkshire, and most of the visiting celebrities used to stay with her.

Wilde was among them. He arrived too late for supper but he came down to breakfast. It was a bitter morning in the depths of winter, and she had prepared a real old-fashioned Yorkshire breakfast of eggs and bacon and sausages and cold pheasant. "What would you like to begin with, Mr. Wilde?" she asked him. He looked at the snowed-up garden and shuddered. "I should like some yellow raspberries," he said. Which put even my grandmother in her place.

The reason for this sudden Oscarmania is that two important films based on his life and trials have suddenly burst upon us at almost the same moment . . . one starring Robert Morley and Sir Ralph Richardson, in black and white, and the other a vast affair in technicolor starring Peter Finch. It was a fierce race between the producers to get their films out first, with the Morley film winning by a short head.

The drama of all this, coupled with the most morbid current interest in all forms of sexual unorthodoxy, made Fleet Street decide that Wilde was news . . . and news he remains. So much so that one would hardly be surprised to meet him strolling down Bond Street with a green carnation in his buttonhole. Well, one can imagine less rewarding encounters.

Letter from New York

by Anthony West

After the Ball Was Over

THE EVENTS OF recent weeks have done little to cast a pall over New York which goes about its usual business in its usual way as if what goes on at Washington or at the Summit were none of its concern. It is at times like these that it becomes especially obvious that New York is not a national capital, and that it is something of a backwater. The great city is interested in making money and amusing itself, and it leaves matters of importance to others. It is hardly interested in its own government, let alone in state or national affairs, and in spite of its *raison d'être* as a great port, and the presence of the United Nations over on the East River, it is even less interested in foreigners and their doings.

At this juncture, with the debris of the greatest diplomatic explosion since World War II still drifting downwards, New Yorkers are more concerned about local matters than international ones. Will the café wished on Central Park by Mr. Huntingdon Hartford and Mr. Moses, the late Parks Commissioner, get built or not? Will the traffic on Lexington and Third become one way? Will there be a cross-town expressway on 30th street? And will the new Grand Central tower get built or not? Since the Americans have been accused by Europeans of being hysterical about the risks of war ever since the days of the Berlin air-lift, this calm and indifference in the face of a grave situation might seem to be reassuring.

But the question goes deeper than that: the city's feeling that its own politics aren't serious and can be left to hacks and crooks, and to the boys who run state politics up at Albany, has its parallel in the feeling that national politics aren't very serious either—administrations come and go without making that much difference to business, and what odds is it who makes the loud noises down at Washington? As for foreign affairs, they aren't on the level, so why bother? This is very like the French attitude in 1938-39, a cynical apathy has followed too long a period of strain and hysterical over-emphasis of present dangers.

The shooting down of the U-2 was in its way less important than the shooting down of the State Department's official spokesman which followed it, for he was

put into the position of official liar. Although his superiors knew what had happened they permitted him to tell the public a string of untruths. This shocked no one, in New York at least, but it confirmed to the full the general suspicion that nothing was on the level and that nobody and nothing should be trusted. The shooting down of the U.S. Government's claim to be able to tell the truth of all things to its own people at all times as opposed to the Russian government's fear of the truth was followed by an orgy of self-destruction on the part of the press, radio, and television.

Mr. Khrushchov's performance at the famous press conference in the Palais de Chaillot was an odd one about which many things were to be said. I watched it by way of television with considerable astonishment—not because Mr. Khrushchov seemed to be behaving wildly or angrily, but because his behavior was in such complete contrast with the descriptions of it which I had read in New York's evening papers and heard on the radio. Here was a supremely self-confident man facing a hostile audience in a foreign capital without any screen of armed guards or any of the trappings of dictatorship, putting on a perfectly planned and considered act of the "give 'em hell, Harry" variety.

If anything was clear about the now notorious "outburst of rage" on the German question it was that Khrushchov was taking the opportunity of running against de Gaulle, and was after the not inconsiderable anti-German vote in France. The anti-American sentiments expressed also seemed to me to be carefully thought out appeals across the diplomatic hedge to the French public, a large section of which is heartily sick of being told that it wouldn't last ten seconds without American support. Khrushchov was out to demonstrate that so far as he was concerned it was no great matter to him if America was behind France or not.

But whatever the points Khrushchov may have been making, one thing stood out over and above everything else. The man knew what he was saying and why he was saying it. This was as clear from the text of his press conference as it was from the motion pictures of the confer-

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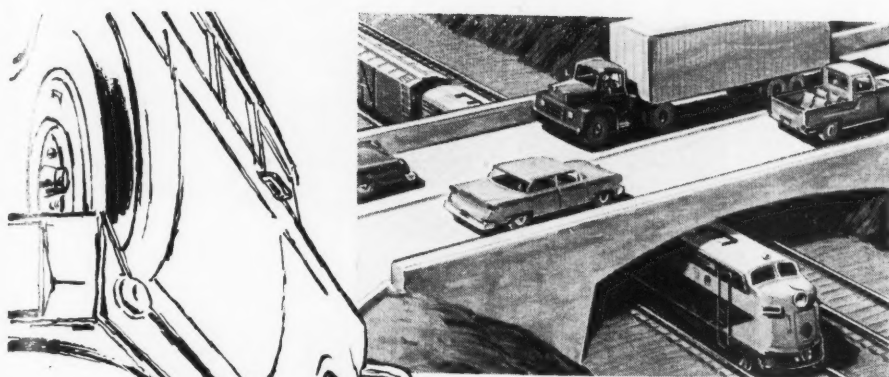
ence in progress. It was fantastic to compare the facts of the matter with the commentaries. In the case of the television coverage, the contrast was comic since the scene before one's eyes provided instant refutation of what was being said about it. The whole episode boiled down to a demonstration of the fact that "what's in the papers ain't necessarily so". And at the end of it you heard everywhere the calm, rather satisfied, voices of the cynics saying "you can't believe a thing they tell you". And if you can't believe what they say, why should you worry about it?

These disastrous contributions to a dangerous state of mind were followed up by the farce of the Security Council meeting at which the Russian resolution met a fate which was so certain in advance that you couldn't have put a bet on it anywhere in the world. The friends of the United States stood by the United States, the friends of the USSR stood by the USSR; it was hardly necessary to listen to the speeches, but anyone who did was not likely to be impressed by the argument that it was the insane Russian love of secrecy which made it necessary to send an American aircraft to Sverdlovsk to see if a Pearl Harbor was being cooked up.

It was clear that the vote was rigged, and that nobody concerned was really saying what was on their minds. The listener who followed the debates in the press or on the air could only share the feeling of the average New Yorker that what was going on had the same lofty ethical basis as all-in-wrestling. As one gentleman in the dry cleaning game put it to me "it's all a mess—we should be ashamed—but what can you do—so what's the use to worry?"

While the President may have lost some prestige he has not lost any popularity in all this. In the current crisis he represents the common man to perfection and has even gained a great deal of popular sympathy. They didn't tell him anything either, and he just didn't know what the hell was going on. (I would like, at this point, to apologize for my prediction of a few weeks back that Eisenhower's set up would keep him out of trouble at the summit. I forgot, in making my assessment of his apparatus, that he still had a member of the Dulles family on his team.) Be that as it may, however, the collapse of the Summit has not produced any result in the way of causing a general rallying of American sentiment behind a specific policy *vis-a-vis* Russia.

It has on the other hand increased the general suspicion that what goes on in Washington is out of the control of ordinary people and unrelated to their concerns. A country whose people does not believe in what its government does or in what it says is not in a very happy position in times like these.



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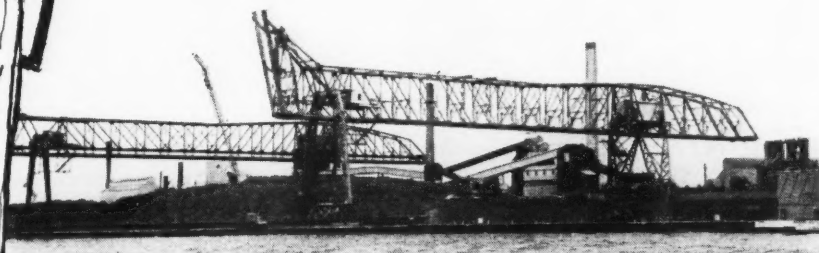
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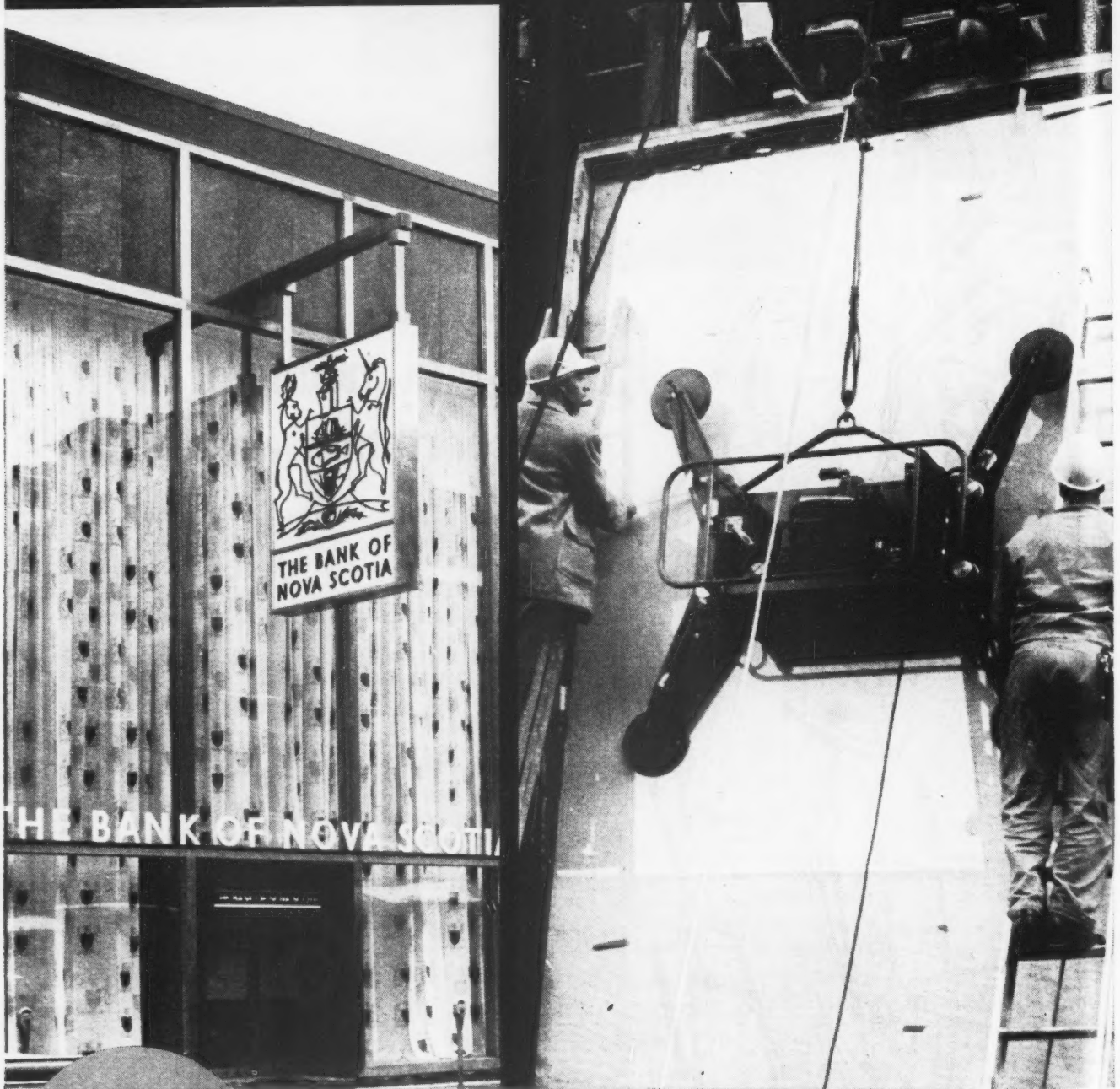


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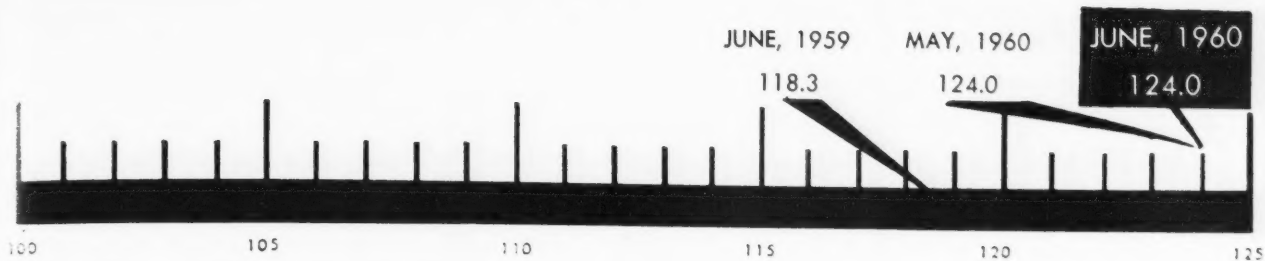
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Business Index for June



| Indicator Table | Unit | Latest Month | Previous Month | Year Ago |
|--|---------------|--------------|----------------|----------|
| Index of industrial Production (Seasonally Adjusted) | 1949 = 100 | 170.8 | 170.1 | 161.8 |
| Index of Manufacturing Production (Seasonally Adjusted) | 1949 = 100 | 152.5 | 152.3 | 146.0 |
| Retail Trade | \$ millions | 1,267 | 1,118 | 1,261 |
| Total Labor Income (Seasonally Adjusted) | \$ millions | 1,517 | 1,521 | 1,453 |
| Consumer Price Index | 1949 = 100 | 127.4 | 127.5 | 125.6 |
| Wholesale Price Index of Industrial Raw Material | 1935-39 = 100 | 244.3 | 241.7 | 241.4 |
| Manufacturers' Inventories, Held and Owned | \$ millions | 4,494 | 4,462 | 4,382 |
| New Orders in Manufacturing | \$ millions | 1,946 | 1,817 | 1,895 |
| Steel Ingot Production | '000 tons | 507 | 586 | 481 |
| Cheques Cashied, 52 Centres | \$ millions | 22,754 | 22,046 | 20,262 |
| Total Construction Awards (Hugh C. MacLean Building Reports) | \$ millions | 301 | 399 | 357 |
| Hours Worked in Manufacturing | per week | 40.5 | 40.4 | 40.3 |
| Index of Common Stock Prices | 1935-39 = 100 | 249.2 | 248.8 | 267.2 |
| Imports | \$ millions | 476.4 | 454.3 | 441.2 |
| Exports | \$ millions | 368.8 | 439.5 | 402.4 |

Most latest figures are preliminary ones.

THE SLIGHT SETBACK which the overall business indicator received last month has not yet been made up. We can expect the SN Business Index to move forward slowly indeed in the coming months, barring the interference of international events.

Total industrial production has not yet gone back to the high it registered a few months back. However, durables are recovering faster than are non-durables. The upward movement of durables at this point in contrast to the non-durables, if such is the trend, is interesting in view of consumer behavior in the last year or two. Total spending on consumer goods and services has been advancing steadily in recent years despite a drop in income between the second and last quarters of 1959.

That drop was reflected in the buying of durable goods—often big ticket items—but not in the buying of non-durable goods or services. These latter sailed upward quarter by quarter. Result, of course, was a very sharp drop in personal savings between the second and final quarters of 1959. No figures are yet

available for this year but it could be that non-durable buying is slowing and that durables are making up for lost time.

Our commodity exports which were jumping mightily the first three months of this year came a cropper in April. Dollar totals compared with sister months of 1959 were up 21 per cent in January, 34 per cent in February, 15 per cent in March but were down eight per cent in April. Nevertheless the four month gain over 1959 was 14 per cent, which is still hefty.

Our exports have been holding up well this year compared to imports—and even for several months at the end of last year. It is to be hoped that April does not mark the end of this situation. Many items contributed to the gains. Newsprint paper was well up, so were lumber and timber, aluminum, nickel and copper. Even uranium ores and concentrates improved a bit in dollars but dropped from third place last year to fifth place this year, and that position is being threatened by nickel and aluminum.

We gained a lot of export ground in Europe and the U.K. For the Continent

this meant moving back to totals of two years back. One of our current worries now is that this regaining of trade with Europe should not suffer from developments in the Inner Six or Outer Seven. In the first quarter of this year our proportion of exports going to the U.K. was 16.5 per cent; it was 15.7 per cent for the same quarter of 1959. We dropped, however, our share with the rest of the Commonwealth and with the U.S.; with the remainder of the world the increase was from 17 per cent a year ago to 19.2 per cent now.

Actually from the dollar point of view and also of diversification, our international merchandise trade is better than it has been for many years. Our exports, nevertheless, consist pretty much of primary materials with low labor content and thus give little comfort to our jobless. The only secondary industry which rates in the ten leading exports is farm machinery and equipment, and sales there have been dropping this year.

—by Maurice Hecht

(Saturday Night's Business Index is a compilation of statistical factors bearing, generally, on Canada's gross national product. It is designed to reflect pace of economic activity. The base 100 is drawn from 1955 data.)

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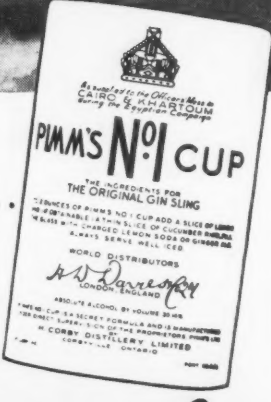
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Gold & Dross

Mutual Funds

I have come to the conclusion that you don't care much for mutual funds. I don't think mutual funds are the answer to everyone's program but they are for the person who hasn't the time or know-how for do-it-yourself investing. The advantages are "expert management", "wide diversification", "immediate liquidity" and "peace of mind". — S. B., Knowlton, Alta.

Gold and Dross has endorsed the idea of managed investment and was one of the first to praise the mutual funds as a worthy addition to methods of supervised investment.

One must, however, distinguish between the funds and some objectionable practices which have accompanied their selling. It must also be recognized that the investor can sometimes buy into what are in effect holding companies on a much more attractive basis in relation to break-up values than he has to pay for the funds.

Gold and Dross specifically takes exception to the growth in fund values from 1940-1960 as providing a dependable criterion of expected performance. Firstly, securities prices were well below intrinsic values in the 30's and early 40's because people had little surplus to invest. Secondly, it is wishful thinking of the most dangerous sort to imply that the 60's are going to repeat the market performance of the 50's. While Gold and Dross is anything but bearish on the long-term future of the economy, it admits the possibility of security prices making no headway or even declining over the shorter term. It has recommended mutual funds largely on the basis of expecting them to do as well as the average of the market at the least.

These columns take strong issue with the practice of mutual funds being recommended with sweeping generalizations, of which your closing expressions are typical. We have seen demonstrations of the alleged superiority of mutual funds contrived to make competitive forms of investment look less favorable. This type of gimmick selling, which depends for its effectiveness on the same technique as a magician making a fast pass, is calculated eventually to put funds into disrepute with investors who know enough to come in out of the rain. In fairness to the mutual funds, it should be noted that these objectionable practices are not general. Most of the

funds treat their customers as intelligent beings.

Qualities like "wide diversification", "immediate liquidity", "peace of mind", "expert management" are not necessarily more pronounced with the funds than with a cross section of the market, supervised by an investment counsel. An outstanding advantage of the funds is being a packaged deal in supervised investments.

Falconbridge

Please summarize the position of Falconbridge Nickel.—L.T., Windsor.

Falconbridge is dependent on the overall position of the nickel industry, outlook for which is bright. The stock market expects nickel demand to increase so as to be able to absorb substantial new production from Northern Manitoba. This is vested in International Nickel, in comparison with which Falconbridge is small. The market should, however, be able to take the output of producers other than International.

Dividend and Tax

Gold & Dross of April 2 has me somewhat mystified. In his enquiry, "Dividend and Tax," W. A. of Ottawa shows a calculation many people must be using; yet try as I may I cannot see any other way of doing it. If the dividend results from an issue to which the depletion allowance is applicable as well as the dividend tax credit — then the result is somewhat different; but on this particular stock and, using the 20% tax bracket, how can you arrive at a net tax of less than \$16.00? I am sure many of your readers would appreciate having this explained. — T. M. M., Chatham.

The enquirer apparently interpreted the 20% tax credit as freedom from tax liability on 20% of the dividends received from Bell Telephone — a Canadian domestic company, to whose dividends the 20% tax credit is applicable. We pointed out he was treating the 20% as though it were a depletion allowance and was paying tax at a rate of 20% (his hypothetical bracket) on 80% of the dividend.

To clear the matter up we are presenting a number of examples. First, here's

what the enquirer did:

| | |
|----------------------------|-------|
| Received dividends on Bell | \$100 |
| Deducted 20% | 20 |
| Net Dividend | 80 |
| Applied 20% tax rate | 16 |

He should have paid nothing, as in this example:

| | |
|-------------------------------|-------|
| Dividend received | \$100 |
| Tax liability at 20% | 20 |
| Tax credit of 20% of dividend | 20 |
| Tax liability | nil |

Suppose it were a mining dividend, carrying a 20% depletion rate:

| | |
|--------------------------------|-------|
| Dividend received | \$100 |
| Depletion | 20 |
| Net dividend | 80 |
| Tax liability at 20% | 16 |
| Tax credit 20% of net dividend | 16 |
| Tax liability | nil |

Suppose it were a mining dividend, carrying a 20% depletion rate but the tax payer was in the 30% tax bracket:

| | |
|--------------------------------|-------|
| Dividend received | \$100 |
| Depletion 20% | 20 |
| Net dividend | 80 |
| Tax liability at 30% | 24 |
| Tax credit 20% of net dividend | 16 |
| Tax liability | 8 |

You enquiry emphasizes the advisability of many people hiring experts to make out their tax returns.

Brunswick M & S

I have become interested in Brunswick Mining & Smelting and I recently read an article regarding proposed expansion of this concern due to newly acquired backing by the Belgian financing firm, Sogemines Limited. Could you give me some information on Brunswick with regard to its history in marketing and development and its possibilities of increased markets?

Sogemines is guaranteeing a 15-year market to the extent of \$150-\$200 million at current metal prices and at planned output levels. Is there a more steady demand for lead and zinc in Europe which makes this prediction possible? What do you think of the investment outlook for Brunswick? — A. J., Halifax.

The Brunswick company is the result of exploration conducted in the early 50's in northern New Brunswick which indicated a substantial deposit of lead-zinc-copper ore. Plans for production under theegis of Leadrige Mining, a subsidiary of St. Joseph Lead of the U.S., were held in abeyance following the decline in lead-zinc prices. Sogemines came into the picture a few months ago with proposals to finance production and these are now under consideration. The initial plan calls for shipment of concentrates, with a metal recovery as a later phase.

European markets for lead and zinc are attractive to Canadian producers since the U.S. is employing quotas on imports of

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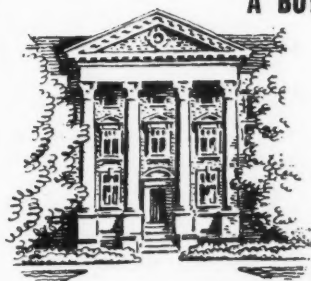
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these metals. This makes it more or less mandatory for a big new prospective producer, especially with Brunswick's locational advantages, to seek alternative markets. Lead and zinc prices represent the consensus of opinion based on world supply and demand. Europe has to pay world prices for metals, of which it consumes large quantities. Long-term marketing contracts in conjunction with financing arrangements are not uncommon in the metal industry. Continuity of supplies to fabricators is vital.

In discussing the investment outlook for Brunswick, projections of earnings are premature considering the number of uncertainties in the mining and metal-making industries. Brunswick has outstanding 4 million shares and the recent \$3 price puts a market valuation of \$12 million on the equity. This takes into account the terms upon which finances for production might be raised and allows something for the chance of the Sogemines proposals not maturing. In this unlikely event, the property could still have attractions for other groups and the European market would be still open.

Quebec Natural Gas

Would you kindly give me your comments on Quebec Natural Gas Corp., with particular reference to the recent issue of 6 per cent preferred cum warrants? — F. J., Dawson, Y.T.

Quebec Natural Gas preferred, which is now selling ex warrants, seems to be underpriced as a speculative investment. The low price is partly explained by the fact that dividend payments on it do not commence for two years or so. The stock, if dividends were now being paid, would probably command a price of 100 and would thus yield 6%. But in this market there apparently aren't too many buyers willing to defer dividends for two years.

The common stock is not an unattractive gamble.

Copper Rand

Copper Rand is now in production, yet its stock has recently sold down to as low as \$1.10. Is the decline due to disappointing results of operation? — P. G., Pine Falls, Man.

The decline in Copper Rand, which sold up to \$2.50 a share last year, appears largely to reflect a less expectant attitude for copper stocks on the part of traders. Based on a 29-cent price for copper, the company estimates for the first quarter of 1960 an operating profit of \$422,000 applicable to its outstanding 6.3 million shares.



THE CANADIAN BANK OF COMMERCE

Dividend No. 294

NOTICE is hereby given that a dividend at the rate of forty-five cents per fully-paid share on the outstanding Capital Stock of this Bank has been declared for the quarter ending July 31, 1960, payable at the Bank and its branches on August 1, 1960, to shareholders of record at the close of business on June 30, 1960.

By Order of the Board

J. P. R. Wadsworth,
General Manager

Toronto, May 27, 1960

THE BELL TELEPHONE COMPANY OF CANADA

NOTICE OF 305th DIVIDEND

A quarterly dividend of fifty-five cents per share has been declared payable on the 15th day of July, 1960 to shareholders of record at the close of business on the 15th day of June, 1960.

Montreal,
May 25,
1960

S. C. SCADDING,
Secretary



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The dividend will be payable July 15, 1960, to shareholders of record at the close of business on the 15th day of June 1960. The transfer books will not be closed. Payment will be made in Canadian Funds.

By Order of the Board.

R. G. MEECH,
Secretary

Toronto, May 13, 1960.



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The mill reached its capacity rate of 1500 tons a day in March, versus an average of 835 tons a day in January and 1266 in February. Company plans a two-year development program including the deepening of the main production shaft. It will probably make a start this year.

The 1959 annual report estimates mine-able ore reserves of 1.85 million tons with a grade of 2.79% copper. This estimate does not include possible ore indicated on other parts of the property. Copper Rand holds a large area of geologically favorable ground on which only limited exploration has been done to date.

Considering operating and ore positions, market valuation does not appear to be placing a premium on the possibilities of the property. This is probably because Copper Rand is small as copper mines go, plus the fact that even big producing mines are currently out of fashion.

A Varied List

I would appreciate very much if you would give me your opinion of the following stocks, which I hold and have held for a number of years. I am wondering if there is any chance of their rising to anything near the price paid for them, or should I dispose of them now at a loss? They are United Asbestos, New Calumet, O'Brien, Con. Nicholson, Akaitcho and Arno. — W. J., Ottawa.

United Asbestos is the top of the class of your list and some speculative possibilities can be conceded in New Calumet, O'Brien and Akaitcho. Con. Nicholson and Arno are cats and dogs of the wildest sort.

In Brief

What mining stocks would benefit from higher silver prices? — B. A., Toronto.

Effects would be minimized since bulk of Canadian silver is derived as byproduct of mining for other metals.

Anything doing at Cons. Golden Arrow? — S. L., Hamilton.

Exploration slated for this season on gold claims at Dogpaw Lake.

Is Maritimes Mining doing well? — M. J., Kitchener.

Producing on even keel, and has been able to reduce costs.

What's the outlook for Pend Oreille Mines & Metals? — K. N., London.

Cloudy on main property, but Reeves subsidiary offers some hope.

Any reason for Gunnar Mines earnings being lower last year? — L. G., Montreal.
Increased operating costs in the face of reduced uranium sales.

Any hope for Amalgamated Larder? — K. A., Ottawa.

Chances tied mainly to exploration of Mattagami ground.



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Point of View

Stop Taxing the Working Undergraduate

by P. T. Matlow

DURING THE PAST several weeks, thousands of Canadian university students who were fortunate enough to secure summer employment this year took their places throughout Canadian factories, offices, construction projects, camps, resorts and hotels in their effort to earn sufficient money for the forthcoming academic year.

I was one of them.

Many students who are unable to enjoy parental or other financial assistance rely entirely on their summer earnings to pay for the rising tuition fees and living expenses which they will encounter when they return to classes next fall. Even to those who do enjoy financial assistance, summer earnings are of extreme importance and "every penny counts".

Nevertheless, three or four weeks before classes resume in the fall, these same students will terminate their jobs and begin their annual "forced vacation". For the benefit of those to whom this situation seems paradoxical, I shall explain.

According to the present income tax regulations, parents of wholly dependent university students (i.e. those whose annual earnings are below \$950) are entitled to a \$500 deduction in calculating their taxable income for the year. As it is now quite common for students to earn about \$300 per month and, as many start working in early May, most of them have passed the dreaded \$950 mark by early August, particularly if they have held part-time jobs during the school year, as many do. To most parents, this means an additional tax burden of about \$100. Also, when the student's earnings reach \$1100, sometimes in late August or early September, he must also pay his own personal income tax according to the standard rates.

In summary, in most cases it is simply not worthwhile for students to work during the last few weeks of their vacation as most of their earnings then, if not all, (considering the additional taxes for their parents) go into the national coffers at Ottawa.

On the one hand we have the government saying it wants to increase financial aid to universities and to make more scholarships, bursaries, and loans avail-

able for students, and, on the other hand preventing, by its own laws, students who derive the benefits of higher education from earning the money which could pay for a much larger part of the costs than is presently being met by the students' own efforts.

Recently, I had the opportunity of presenting this situation to the Hon. Donald Fleming, the Minister responsible for it, and found his reply especially worthy of note. In his reply, the Minister implied, in no uncertain terms, that any resistance to paying taxes to Ottawa was either a mark of disloyalty or, if not, certainly a mark of insanity on the part of the individual.

To the Minister, the present regulations and the prevailing situation seemed perfectly satisfactory—except for the fact that he could not understand why so many students treasonably quit their jobs early to avoid taxes, a seemingly irrational decision to him. In stating emphatically that the government had no intentions whatsoever of changing the regulations, Mr. Fleming pointed out the wonderful distinction one could achieve by graduating from university heavily in debt, heavily taxed, as he had done many years ago when he was a less-known patriot.

From the minister's reply, therefore, I came to the only logical conclusion which I could—simply that I was being disloyal to my country by not turning over nearly all of my September earnings to the government or that I needed psychiatric help for not wanting to achieve national distinction so easily. However, from my ensuing inquiries among my fellow students at the University of Toronto, I was assured that I was not alone in my plight and that many others were experiencing the same frustration as I.

To be constructive in my criticism, I would suggest that one change in the present regulations would be quite adequate to rectify the appalling situation which now exists. That is, tuition fees,

those paid for the privilege of attending lectures, writing examinations etc., should be made deductible from taxable income to enable parents to continue receiving the \$500 allowance and to encourage students to work longer. The inevitable result of such a change would be an immediate rise in summer earnings by students and an ability to meet a much greater share of the costs which they incur, solely by their own efforts.

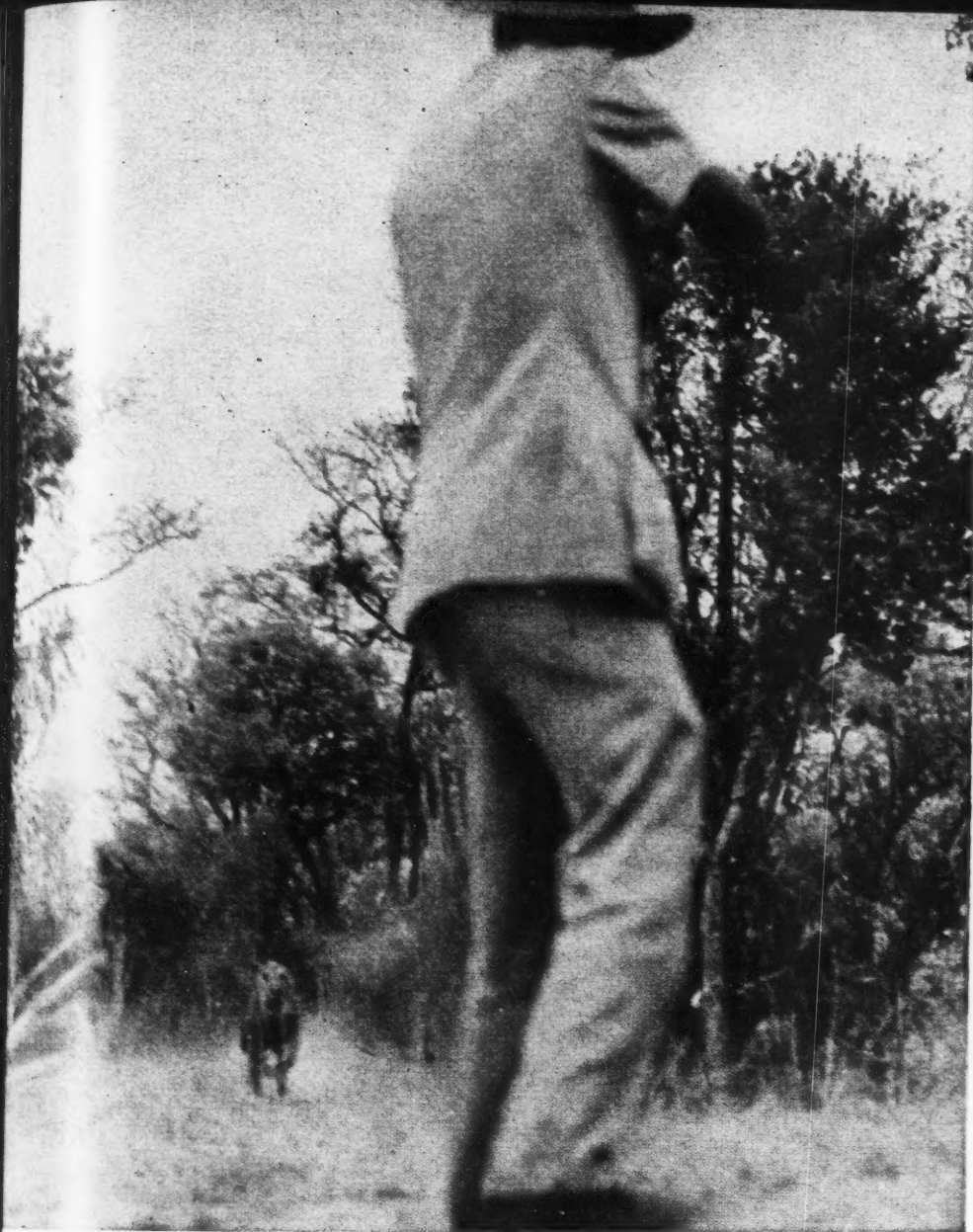
In my many inquiries regarding the problems of taxation among students, I learned that a second grievance which they have also stems from a federal statute, the Unemployment Insurance Act. Every one of my respondents told me that his employer makes a weekly deduction for unemployment insurance which he forwards to the Commission. However, by the very provisions of the Act it is clear that virtually no student could ever collect unemployment benefits. Thereupon I secured a copy of the Act and in it, to my amazement, I learned that since students are, in almost all cases, employed for a period of less than twenty weeks in any year, they are exempted from paying for the insurance.

Nevertheless, week after week throughout the summer, thousands of dollars are remitted to the government from the earnings of students, merely because they and their employers are ignorant of the regulations and the Unemployment Insurance Commission is content to issue receipts for money appropriated from people who can derive no benefits from paying nor are compelled to do so by law. Failure to correct this by informing employers of the regulations is, in my opinion, undisputable fraud on the part of the Commission.

In times such as which we now live, it is more important than ever before to place utmost importance on the education of the country's youth and the universities on whom the task has fallen if we wish to compete successfully with the forces which are dedicated to our destruction. Strong leadership and respect for government are prime requisites. However, if democracy means bureaucracy, then surely the future is bleak.

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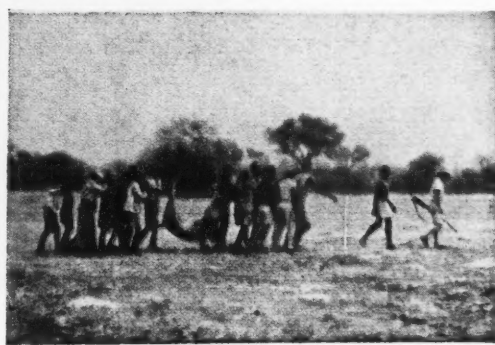
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2. "Come to the last, the lion was almost upon me before it dropped. (The photographer fainted as he took this picture.) Usually a lion would run away. I must have startled this one at close range to trigger its surprise attack.



3. "The hated lion was a light burden to the joyful Barotse tribesmen. They wouldn't eat the meat (taboo) but they made us heroes for ridding them of a cattle-killer. Only after the lion was dead did I realize how close it had come. Too close for comfort.

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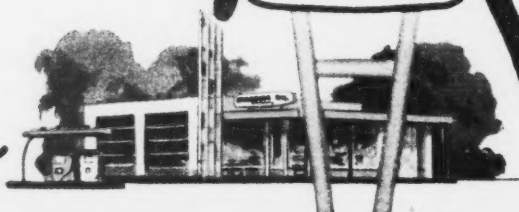
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